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REPORTS  
FROM  
COMMITTEES:

SIX VOLUMES.

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— (1.) —

ACCOUNTS, PUBLIC; COMMONS;  
ELECTRIC LIGHTING ACT (1882) AMENDMENT BILLS.

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SESSION 1.—12 *January* 1886—25 *June* 1886.

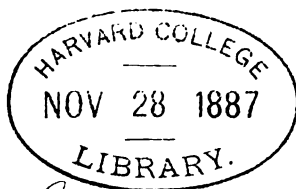
SESSION 2.—5 *August* 1886—25 *September* 1886.

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VOL. VII.

2  
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*Sumner fund.*

# REPORTS FROM COMMITTEES:

1886.

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FIRST  
REPORT

FROM THE  
COMMITTEE

OF

PUBLIC ACCOUNTS;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

AND APPENDIX.

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*Ordered, by The House of Commons, to be Printed,  
17 March 1886.*

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COMMITTEE  
OF  
P U B L I C A C C O U N T S ;  
TOGETHER WITH THE  
PROCEEDINGS OF THE COMMITTEE,  
M I N U T E S O F E V I D E N C E ,  
AND APPENDIX.

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COMMITTEE OF PUBLIC ACCOUNTS.

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Members nominated,—[ *Tuesday, 23rd February 1886* ]—of—

Sir Walter Barttelot.	Mr. Magniac.
Mr. Henry H. Fowler.	Mr. Arthur O'Connor.
Sir John Gorst.	Mr. Ritchie.
Mr. Jackson.	Mr. Rylands.
Mr. Lane.	Mr. Seely.
Sir John Lubbock.	

*Ordered*,—[ *Friday, 26th February 1886* ]—THAT the Committee have power to send for Persons, Papers, and Records.

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## S E C O N D   R E P O R T.

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**THE COMMITTEE of PUBLIC ACCOUNTS** have made further progress in the Matters to them referred, and have agreed to the following **SECOND REPORT:—**

### CIVIL SERVICES.

#### CLASS I.

#### VOTE 5.—PUBLIC BUILDINGS, GREAT BRITAIN.

1. Your Committee think that whenever expenditure not provided for in the Estimates is, from its character or its amount, of such importance as to be shown as a new work, Treasury sanction should be, if possible, obtained before the expenditure is incurred. Q. 155. 100, 161.

#### VOTE 7.—FURNITURE OF PUBLIC OFFICES, GREAT BRITAIN.

2. In accordance with the suggestion of the Committee of Public Accounts in 1885, directions have been given by the Treasury to five Public Departments, viz. :—

The Exchequer and Audit Department ;  
The Customs ;  
The Land Office, St. James-square ;  
The General Register Office, Edinburgh ;  
The Inland Revenue, Edinburgh ;

Q. 162-163.

to keep a list of the furniture in their possession by means of their ordinary servants, and without extra cost. Should the system, as tried in these cases, prove advantageous, it can be extended to the Public Offices generally.

#### VOTE 13.—SURVEYS OF THE UNITED KINGDOM.

3. Your Committee regret to have to report that the balance outstanding, in 1885, for maps supplied to the Land Judges Court, Ireland, again shows an increase over the balance outstanding in 1884. Your Committee have, however, been informed that this outstanding balance has been now considerably reduced, and that an order has been recently issued by the Judges of the Land Court which will, it is expected, expedite the recovery of the money. Q. 220.  
Q. 248.  
Q. 244.

#### VOTE 14.—SCIENCE AND ART DEPARTMENT BUILDINGS.

4. Your Committee are informed that the expenditure in connection with the Art Library was not provided for in the Estimates for 1884-85, in consequence of the expectation that the work would have been finished, and the payments for it, completed within the previous financial years. Whenever circumstances permit care should be taken to obtain a re-vote. Q. 253.

## VOTE 15.—BRITISH MUSEUM BUILDINGS.

Q. 260.

5. This Vote contains charges postponed from 1883-84, in order to avoid an excess of the Grant for that year; the important question thereby raised is fully dealt with in our Report on Vote 35, Class II.

## VOTE 22.—PUBLIC BUILDINGS, IRELAND.

Q. 1136. 1145.

6. Your Committee think it desirable that the sanction of the Treasury should be obtained by the Public Works Department of Ireland to unforeseen expenditure at an earlier period than seems to be customary with that Department; and in cases in which informal sanction is given, the necessity for obtaining formal sanction as soon as practicable should be insisted on by the Treasury.

7. In the case of *ex post facto* official sanction, it might be convenient if the Comptroller and Auditor General were informed whether the Treasury were satisfied that their sanction had been asked at the earliest moment practicable.

## CLASS II.

## VOTE 8.—PRIVY SEAL OFFICE.

Q. 307.

8. A sum of 123 *l.* 4 *s.* 3 *d.* was paid to the holder of the offices of Assistant Clerk and Private Secretary to the Lord Privy Seal as salary during a period from 18th June to 15th November, when he was in prison on a charge of forgery, to which he ultimately pleaded guilty. The Treasury have expressed themselves content that the Accounting Officer should be discharged, and that officer states that the payment was made upon express instructions from the Lord Privy Seal. Your Committee regard this payment as an improper charge against the Vote, and recommend its disallowance from the account.

Q. 398. 399.

9. Some doubts were raised as to the person upon whom the pecuniary liability would ultimately fall in a case of this kind. The point, however, seems to have been decided in the Treasury Minute on the Public Accounts Committee Report of 1882, the concluding paragraph of which is to the following effect:—

“Accounting Officers will understand that if they are desired by their superior officers to order a payment which under Act of Parliament, Order in Council, Queen’s Warrant, Treasury Minute, or otherwise they believe to be wrong, they must represent their objection, and the reason for it to such superior officer in writing. If the Order is then repeated in writing, they may obey without further responsibility, but if the officer directing the payment is not the supreme chief of the Department, they should ask to obtain the authority in writing of such chief before obeying. The responsibility is then transferred to the directing officer, who will be held personally liable. The Report of the Public Accounts Committee shows that the action of the Treasury in enforcing such liability will be supported by the Committee, and my Lords are anxious that there should be no misunderstanding on this point throughout the service.”

10. The surplus to be surrendered should be 447 *l.* 3 *s.* 5 *d.*, instead of 323 *l.* 19 *s.* 2 *d.*, as shown by the Appropriation Account.

## VOTE 9.—BOARD OF TRADE.

Q. 335.

11. With reference to the Report of the Public Accounts Committee, 1885, Paragraph 16, your Committee have been informed that the Board of Trade have undertaken to introduce a Bill during the present Session to legalise the payment of the Engineer Examination Fees to the Mercantile Marine Fund.

VOTE 10.—

## VOTE 10.—BANKRUPTCY DEPARTMENT OF THE BOARD OF TRADE.

12. An irregularity has been committed by the employment of many officials in this Department who do not hold Civil Service Certificates, and whose offices have not been gazetted into Schedule B. of the Order in Council of 4th June 1870. Your Committee are informed that this irregularity will be for the future put an end to by gazetting into Schedule B. the offices above referred to, with the exception of the offices of clerk to the Chief Official Receiver, to the Solicitor of the Bankruptcy Department, and to the County Salaried Receivers. These clerks, it is contended, being paid out of allowances granted to the Heads of their Departments for clerical assistance, are not in the Civil Service. Q. 400, 401, 402. Q. 405.

13. In Sub-Head F., Law Charges, is included a payment of 19 *l.* 2 *s.* 8 *d.* for solicitors' costs, which were by order of Court charged to an estate. The Board of Trade paid these costs, on the ground that the Order of Court was unjust to the creditors of the estate in question. Your Committee does not think such a payment properly chargeable against the Vote. Q. 366. 371.

14. There is a surplus to be surrendered of 84 *l.* 15 *s.* 6 *d.* No information as to the disposal of this surplus was given to the Comptroller and Auditor General; but your Committee have been informed by the Treasury that it will be paid into the Bankruptcy Fee Account. Q. 484.

## VOTE 11.—CHARITY COMMISSION.

15. A defalcation took place in this Department to the amount of 65 *l.* 3 *s.* 1 *d.* Satisfactory steps have been taken in the Department to prevent similar defalcations in the future. But your Committee regret that no special report of the circumstances was made to the Comptroller and Auditor General, in accordance with the Second Report of the Committee of Public Accounts, 1884, paragraph 29. Q. 553.

## VOTE 16.—LOCAL GOVERNMENT BOARD.

16. A new Sub-Head has been raised in the Account to defray the cost of the hire of a Steam Tug at Cardiff for quarantine duty. The Vote contained no provision for such expenditure, but the Treasury came to the conclusion that, as the case was a very special one, the cost should be defrayed out of the Local Government Board Vote, and not by the Local Authorities. Q. 567.

## VOTE 20.—PATENT OFFICE.

17. The Accounting Officer admits that the Civil Service Certificate for the officer appointed as Sorter of Designs should have been earlier obtained. This will be done in future in any similar case. Q. 580. 581.

## VOTE 25.—STATIONERY AND PRINTING.

18. The Report of the Comptroller and Auditor General upon the Store Accounts of the Stationery Office, which is made this year for the first time, is generally satisfactory. Q. 636.

19. The Comptroller and Auditor General has called the attention of your Committee to the fact that the sole voucher in regard to a large proportion of the stores issued was the receipt of the carrier, with the remark, "contents unknown," for the case containing the stores. The stores in question were issued, not to any Public Department in the United Kingdom, in which case further vouchers showing the receipt by the Department of the actual stores

Q. 700. are always supplied, but for transmission to distant places and for the army in  
 Q. 697. 703. 705. the field.

Q. 706. 20. In the case of Government offices, however distant, your Committee see no difficulty in an acknowledgment of the actual receipt of the stores being supplied to the Stationery Department, and furnished, if required, to the Comptroller and Auditor General; but in the case of stores sent to an army in the field it is alleged that complete vouchers cannot always be obtained, and that the certificate of the officer of the Stationery Department, by whom the packing of the cases has been supervised, as to the stores contained therein, is the only evidence of the contents of the cases that can be practically obtained. But as there does not appear to be any means of proving the receipt of the cases themselves, your Committee are of opinion that provision should be made for this purpose. Your Committee are of opinion that this matter requires further careful consideration.

Q. 675. 21. The attention of your Committee was also called to the fact that in the Patent Office, which consumes a large proportion of the Stationery Office stores, no check is kept upon the issues, so that no test can be applied to the large amount of stock held in its charge. Upon examination of the officers of the Patent Office it was admitted that no account whatever of the stock is kept, but the amount of stock is too large to be dealt with, and the temptation to deal fraudulently with it is not very great.

Q. 680.

#### VOTE 29.—SECRET SERVICE.

Q. 1149. 22. The Comptroller and Auditor General has reported to your Committee that he has finally come to the conclusion that he is unable, in reference to this Vote, to fulfil the statutory duty cast upon him by the Exchequer and Audit Departments Act, 1866 (29 & 30 Vict. c. 39), and particularly described in Sections 27, 28, and 29 of that Act. A proposal has been made by the Treasury that certificates, in a form suggested, should be furnished by the Minister who expends Secret Service money, to serve instead of vouchers. It is, however, the view of the Comptroller and Auditor General that without express statutory authority he could not accept such certificates instead of the vouchers required by the Exchequer and Audit Department Act. He has accordingly represented to your Committee that he is not able to certify and report, either upon this Vote or upon the issue in respect of Secret Service charged directly upon the Consolidated Fund, as required by the 21st section of the above-mentioned Act. There does not appear to be any authority to which it is the duty of the Comptroller and Auditor General to defer in this matter. Your Committee are of the opinion expressed by the Public Accounts Committee of 1885, that any balance of the sum of 10,000 *l.* charged annually upon the Consolidated Fund, on the authority of the Act 1 Vict. c. 2, s. 15, should be returned into the Treasury.

#### VOTE 32.—LUNACY COMMISSION, SCOTLAND.

Q. 665. 23. A question of some importance is raised on this Vote, whether it is within the power of the Treasury, having reference to the Order in Council and the provisions of the Superannuation Act, to grant superannuation allowances for periods of service antecedent to the dates of Civil Service certificates. It appears to your Committee desirable that the question should be referred to the Law Officers of the Crown for their opinion.

#### VOTE 35.—HOUSEHOLD OF THE LORD LIEUTENANT OF IRELAND.

24. An important question of principle is raised by the Comptroller and Auditor General upon this Vote. An amount of 55 *l.* 5 *s.* accrued due for Incidental Expenses, Office of Arms; of this 27 *l.* was paid on account, leaving 28 *l.* 5 *s.* to be defrayed out of the Grant for 1885-6. The deliberate postponement to the next year of payments which have become due for the purpose of avoiding

avoiding expenditure in excess of the Grant appears to be a common expedient in all Departments of the Civil Service. It is defended by the Treasury as being the less of two financial irregularities. Q. 783.  
Q. 746.

25. The accounting officers of the War Office and Admiralty, on the other hand, state that no such practice is ever adopted in their respective Departments, and they object, as a matter of financial principle, to postponing payments which have accrued due, and which ought in ordinary course to be paid. Q. 1479.  
Q. 1770.

26. Your Committee, however, concur with the Comptroller and Auditor General in the view that such a practice withdraws from the knowledge of the Comptroller and Auditor General and from Parliament the fact of expenditure in excess of Grant having been incurred. In a case like the present, when part of a sum is paid, the postponement of the payment of the residue is patent.

27. But if the whole instead of part had been postponed, the irregularity would probably have never been discovered until the accounts of 1885-6 were under audit. Your Committee are strongly of opinion that if the practice hitherto sanctioned by the Treasury should be allowed to continue, every payment postponed for want of funds should be shown upon the face of the Appropriation Accounts, so that the fact of liability having been incurred in excess of Grant should be brought prominently before the notice of Parliament. Q. 739, 740.  
Q. 743.

#### VOTE 38.—LOCAL GOVERNMENT BOARD, IRELAND.

28. Your Committee were unable to obtain any satisfactory explanation with regard to the increase in the arrears due from local authorities, for expenses incurred in respect of Provisional Orders. The Public Accounts Committee, in 1885, were of opinion that it was not clear that any arrear is necessary, and that the object and reason, when arrears exist, should be distinctly stated. Your Committee adhere to these observations, and consider that the subject requires attention. Q. 800.

#### CLASS III.

##### VOTE 4.—SUPREME COURT OF JUDICATURE.

29. The payment of salary to Mr. Crookshank, in excess of the amount sanctioned by the Order in Council, is admitted to be irregular. It will be rectified on the first opportunity. Q. 819.

##### VOTE 6.—COUNTY COURTS.

30. A payment has been made of 10*l.* 10*s.* to an officer of the County Court of Wrexham for acting as interpreter in excess of the rate sanctioned by the Treasury. This payment should be disallowed, and it will be recovered. The retirement of the Registrar of the Deal and Sandwich County Court, sets at rest an infraction of the statute of old standing; the amount involved may be admitted under the circumstances. The surplus to be surrendered should be 29,384*l.* 10*s.* 9*d.* Q. 823.  
Q. 826.

##### VOTE 12.—CONVICT ESTABLISHMENTS, ENGLAND AND THE COLONIES.

31. Your Committee hope that it will be found practicable to furnish the Comptroller and Auditor General with the Prisons Manufacturing Accounts at such a date as will admit of his including his observations upon them in the Report on the Appropriation Account. Q. 830.

32. Such special expenditure as that incurred in respect of the farm at Broadlces should have been separately stated. It was not a farm worked by convict labour. Q. 848.

## VOTE 27.—COUNTY COURT OFFICERS, &amp;c., IRELAND.

Q. 895.

33. The Comptroller and Auditor General reports that salaries continue to be paid to certain resident magistrates at rates in excess of those authorized by the Acts 37 & 38 Vict. c. 23.

34. Your Committee entirely concur in the views expressed by the Public Accounts Committee of 1885 on this subject, and they regret that they have not been furnished with the memorandum promised by the Treasury, in explanation of the legal points which are stated to have arisen, to prevent steps being taken to put an end to their illegal payment.

## CLASS IV.

## VOTE 1.—PUBLIC EDUCATION, ENGLAND AND WALES.

Q. 907.

35. Your Committee are of opinion that alterations in the Code should always have for their object the more efficient discharge of its duty by the Education Department, and should never be made for the purpose only of making an expenditure regular which had been objected to by the Comptroller and Auditor General. In this view they understand the Education Department to concur.

Q. 912.

36. In the case of the Stonehouse National School, Gloucestershire, a payment of 19*l.* 11*s.* 1*d.* to the Charity Commissioners is admitted to be an improper charge against the Vote. The surplus on the account should accordingly be increased by that amount.

## VOTE 2.—SCIENCE AND ART DEPARTMENT FOR THE UNITED KINGDOM.

37. Your Committee concur with the Comptroller and Auditor General in considering that the cost of a guide-book, designed to assist teachers visiting the International Health Exhibition, does not come within the intention of Sub-head F. 10, Preparation, &c., of Catalogues.

## VOTE 14.—PUBLIC EDUCATION, IRELAND.

38. The Comptroller and Auditor General has called the attention of your Committee to the fact that the conditions of the "Results Programme," under which fees to Principal and Assistant Teachers are paid, were, in the year 1884-85, much easier than those previously in force. The alterations in these conditions was the main cause which led to the necessity of a Supplementary Estimate of 23,000*l.*, under the Sub-head under which these fees are paid, and to a final excess of 1,855 *l.* over the Original and Supplementary Estimates.

39. The payment of "Results Fees" for algebra and geometry taught in school hours, in cases where the pupils failed in essential subjects, appears to your Committee to be contrary to the clear and decided terms of the Results Programme itself.

40. In the mode of calculating average attendance, your Committee are of opinion that undue laxity is allowed in the interpretation of the rule by which "in an extreme and exceptional case the attendance on a particular day is allowed to be excluded. Not only is the number of days so excluded allowed in the case of some schools to amount to more than 20 and even 30, but reasons accepted are not always 'severity of weather,' or even 'Church festivals,' but 'fairs,' 'funerals,' 'field labour,' &c." Notwithstanding that the concluding sentence of the bye-law is, "it is to be clearly understood that the number of days on which the annual average is calculated should never be less than 200,"

cases

cases have occurred in which a considerably less number of days has been accepted by the Commissioners as the basis of calculation. Your Committee are of opinion that the discretion of the Commissioners is not so wide as to cover an infringement of their own bye-laws, and this opinion is confirmed by the fact that in the new rules of 1885 alterations have been made by the Commissioners in this bye-law, for the apparent purpose of giving to the Commissioners that discretion which in 1884-85 they lacked. The non-observance of Rule 165, to which attention was called in the Report of the Committee of Public Accounts last year, appears to be still continued.

Second Report  
Public Accounts  
Committee, 1885  
par. 53.

## CLASS V.

## VOTE 2.—CONSULAR SERVICES.

41. The mode of relief adopted by the Consul at Buda-Pesth, in the case of a British subject named Allworth, appears to your Committee to have been contrary to the Foreign Office instructions applicable to the cases of distressed British subjects abroad, and to be excusable only on the ground of the peculiar circumstances of the case.

## VOTE 7.—SOUTH AFRICA AND ST. HELENA.

42. There seems no reason why Treasury Authority should not have been obtained before the Account was finally rendered, for the numbers and pay of the official staff and police force employed in Bechuanaland. There seems also to have been undue delay in the transmission of the accounts for audit. Q. 1178.

43. Since the date of his Report the Comptroller and Auditor General has received from the Accounting Officer satisfactory proof of the payment of 16 *l.* 8 *s.* for forage for a detachment of police at Vrysburg. The net surplus to be surrendered will therefore be 2,743 *l.* 10 *s.* 5 *d.*, as shown originally in the Appropriation Account. Q. 1185.

## VOTE 9.—CYPRUS, GRANT IN AID.

44. Your Committee are glad to learn that the recommendations for strengthening the local audit have been adopted by the Legislative Council. Q. 1207.

45. Your Committee are informed that it is not possible to state precisely by what amount the revenue of Cyprus was affected by the frauds that took place. An error similar to that noticed in the account of last year, occurs in the statement of assets and liabilities. Q. 1200.

## CLASS VI.

## VOTE 1.—SUPERANNUATION AND RETIRED ALLOWANCES.

46. The Comptroller and Auditor General has called the attention of the Public Accounts Committee to a number of cases in which Pensions have been granted by the Treasury not in accordance with law. The Treasury appear to admit the justice of the observations of the Comptroller and Auditor General, but consider that public convenience, or the urgency of some particular case, justify a departure from the strict letter of the law. Your Committee do not regard the assumption of this discretionary power by the Treasury as satisfactory. Pensions which purport to be legal ones should be strictly within the letter of the law. Those which are not granted in pursuance of powers conferred upon the Treasury by Statute should be submitted in the Estimates to the judgment of the Treasury. Q. 1208.

of the House of Commons. It is Parliament, and not the Treasury, which ought to decide whether the circumstances of any particular case are such as to require exceptional treatment; and it appears to your Committee that in straining the law for the purpose of meeting the exigencies of a particular case, the Treasury is usurping the functions of the Legislature. The admitted overpayments amounting to 10*l.* 8*s.* 5*d.* should be disallowed, and the surplus altered accordingly.

#### VOTE 2.—SEAMEN'S FUND PENSIONS, &c.

47. Your Committee have not been informed that any steps have yet been taken to obtain the necessary amendment of the Act 14 & 15 Vict. c. 102, suggested by the Public Accounts Committee, 1884, paragraph 73.

### CLASS VII.

#### MISCELLANEOUS.

48. Your Committee have no observations to make on this Class.

### REVENUE DEPARTMENTS.

#### VOTE 2.—INLAND REVENUE.

Q. 1216. 49. A clause has now been drawn, which only awaits incorporation in some suitable Bill, to give full power to the Commissioners of Inland Revenue to pay the extra allowances made by way of extra poundage to the clerks to local commissioners, in relation to business connected with the execution of the Income Tax Acts.

#### VOTE 3.—POST OFFICE.

Q. 1224. 50. Letter Carriers are still employed in this Department without Civil Service certificates for periods extending beyond the six months allowed by notice in the "London Gazette" of 13th February 1885. Your Committee understand that the period of six months has been found insufficient, and they are of opinion that a representation to that effect should be made to the Treasury, so that if it is insufficient a further extension of time may be obtained.

51. Your Committee observe that losses on light gold at the Post Office Savings Banks are entered under the heading "Losses, Fraud, Default, and Accident," and that there is a similar Sub-Head in the Post Office Account. Your Committee recommend that "Losses on Light Gold" should be shown under separate Sub-Heads.

#### VOTE 5.—POST OFFICE TELEGRAPHS.

Q. 1284. 52. Your Committee are informed that questions as to the mode of charging and exhibiting the expenditure under Sub-Head O. (Telegraph Works), are still under consideration and not yet ripe for decision.

Q. 1287. 53. The Treasury contemplate very shortly to request the Comptroller and Auditor General to undertake a general test examination or inspection of the Telegraph Store Accounts at the Post Office.

## TRANSVAAL.

54. Your Committee are informed that further Vouchers for something like 1,000 *l.* have been produced by Sir Theophilus Shepstone. They also learn with much satisfaction that on a review of all the circumstances, the Treasury are prepared to allow Sir T. Shepstone credit for the net amount now standing against him of 3,060 *l.* 3 *s.* 1 *d.*, and thus finally to close the account. Q. 1304.  
See Appendix,  
No. 4, p. 7.

## TREASURY CHEST.

## CIVIL CONTINGENCIES ACCOUNT.

54a. Your Committee have no observations to make upon these Accounts.

## CONSOLIDATED FUND ABSTRACT ACCOUNT.

55. With reference to the charge of 10,000 *l.* on this Account for Secret Service, your Committee refer to the observations made by them in paragraph 22 of this Report.

## TELEGRAPH CAPITAL ACCOUNT.

56. Your Committee have no observations to make upon these Accounts.

## WOODS, FORESTS, AND LAND REVENUES.

57. A question has been raised on this Account, whether a portion of the amount received for the sale of Sandgate Castle should not have been paid to the Exchequer, instead of being carried to the Capital Account of the Land Revenues of the Crown. Your Committee have been informed that it was not found practicable to make any such division. Q. 1309.  
Q. 1791.

## ARMY APPROPRIATION ACCOUNT.

58. Your Committee regret that in framing the Army Supplementary Estimates for 1884-85 it was found impossible to apportion the added sums between the different Sub-Heads defined in the ordinary Estimates. They concur in the view of the Comptroller and Auditor General that in such case the accounting under the numerous sub-heads of the Ordinary Estimates becomes of little practical value. Q. 1232.

59. Of the four Special Services for which money was voted, viz., the Nile Expedition, the Military Operations in the Soudan, the Expedition to Bechuanaland, and the Defence of Coaling Stations Abroad, two separate accounts only have been rendered by the War Office instead of four, as recommended by the 52nd paragraph of the Report of the Public Accounts Committee of 1880. The authorities of the War Office contend that the first two services are practically identical, and that the expenditure upon each could not be conveniently separated; and they do not regard the last as a special service at all. The reference to the defence of Coaling Stations in the Estimates was intended as an explanation of the necessity for increased provision under certain sub-heads of the Estimates. The general principle of the expediency of separate accounts of special services is not contested. Q. 1345.  
Q. 1347.  
Q. 1349.

60. Your Committee concurred in the views which are expressed by the Comptroller and Auditor General in reference to expenditure connected with Warlike Operations, that such part of that expenditure as is incurred in England should receive the previous sanction of the Treasury, unless it is of such a character as in the ordinary administration of the War Office does not require such sanction. In the expenditure connected with Egypt, this restriction upon the authority of the War Department seems to have been in some cases overlooked.

## VOTE 1.

Q. 1418.

61. Vouchers for the sum of 49 *l.* 1 *s.* 10 *d.*, included in the expenditure under Sub-Head K., Pay of Veterinary Department, have now been furnished.

## VOTE 9.

Q. 1441.

62. Vouchers for the sum of 1,817 *l.* 19 *s.* 7 *d.*, included in the expenditure under Sub-Head C., Pay of Commissariat Subordinate Establishment, have now been furnished.

## VOTE 10.

Q. 1446.

63. Vouchers for the sum of 5,245 *l.* 19 *s.* 3 *d.*, included in the expenditure under Sub-Head I., Transport Abroad, have now been furnished.

## VOTE 13.

64. Your Committee concur with the Comptroller and Auditor General in thinking that the sum of 23 *l.* 6 *s.*, charged to a Special Sub-Head under Part I., Fortifications, for a suitor's costs in an action against the Crown at Malta was an improper charge against this Vote.

## VOTE 15.

Q. 1513.

65. Your Committee concur in the views expressed by the Comptroller and Auditor General in reference to the loss of 440 *l.* in specie when in charge of an officer in Egypt. A loss of public money should not be charged against Sub-Head K. of this Vote, Compensation for Losses, but should be brought under the notice of the Treasury, and shown clearly in the statement of losses irrecoverable which accompanies the Appropriation Account. To treat the loss as one for which the officer is personally liable, and the payment as a compensation to him in respect of that liability, does not seem to your Committee to be in accordance with the intentions of Parliament in making the provision for compensation for losses under Sub-Head K.

## VOTE 22.

Q. 1540.

66. Your Committee understand that the objection made by the Comptroller and Auditor General, with reference to certain persons who are styled and treated as "In pensioners" of Chelsea Hospital, will be removed by fresh regulations, which will make it clear that such persons are not "In-pensioners," but are persons employed within the walls of the Hospital for the necessary service thereof.

67. Your Committee cannot regard as convenient the assumption by the Commissioners of Chelsea Hospital of discretionary powers which override the provisions of the Royal Warrants, and they recommend that in all cases where it is found necessary in practice to depart from the course which is prescribed in these Warrants they should be previously amended.

## VOTE 23.

68. The Comptroller and Auditor General has called the attention of your Committee to many particulars in which the Commissioners of Chelsea Hospital in awarding pensions do not seem to observe the rates and conditions fixed by Royal Warrants given under the advice of the Secretary of State, and to cases in which the Secretary of State appears to exercise a very wide discretion in the interpretation

interpretation which he puts upon the Royal Warrants themselves. It appears to your Committee that the rules and regulations under which pensions are granted should be made clear and precise, and should be strictly adhered to. If in practice it is found that such rules and regulations require alteration it would, in the judgment of your Committee, be better to have them specifically amended, rather than to have their language interpreted in a non-natural sense at the discretion of the Secretary of State.

69. With reference to pensions which have been miscalculated and allowed in error, your Committee are informed that a special plan has now been approved by the Comptroller and Auditor General and the Treasury for examining the charge for pensions as they are sanctioned, and thus avoiding the hardship of reducing a pension once granted. They are further informed that cases of pensions allowed by the Secretary of State on a strained interpretation of the Royal Warrants will not in future occur, as special application is now made to the Treasury for the issue of all pensions which the letter of the Warrant does not cover, and the Treasury is empowered by another Warrant to sanction the issue of pensions of that kind.

See additional  
Statement by Mr.  
Knox, p. 120.

### EXTERNAL AUDIT OF STORE ACCOUNTS.

70. As this matter is still under the consideration of the Treasury, and no definite plan has been placed before your Committee, your Committee abstain from adding anything to the observations of previous Committees. They regret that the recommendation of the Committee of Public Accounts of last year, that in the Valuation of Army Stores, which accompanies the Army Appropriation Account, quantities as well as values of the principal stores should be given, has not been complied with. Your Committee would call attention to the very large amount, over 600,000 *l.*, written off the valuation in respect of obsolete stores sold. Q. 1626. Q. 1707.

71. In consequence of the additional vouchers submitted to the Comptroller and Auditor General since the date of his Report on the Army Appropriation Account, the surplus to be surrendered will now be 560,632 *l.* 6 *s.* 6 *d.* Q. 1716.

### CHELSEA HOSPITAL.

72. The Commissioners of Chelsea Hospital claim to have, under 2 Will. 4, c. 53, s. 42, a discretionary power to apply Unclaimed and Forfeited Prize Money to the general services and expenses of the Hospital. They have used this power to increase a salary provided for and fixed in the Estimates. Your Committee regard the existence of such a power to alter the provisions made by Parliament for any particular service as inconvenient. Q. 1728.

### MILITARY FORCES LOCALIZATION.

73. Your Committee have no observations to make on this Account.

### NAVY APPROPRIATION ACCOUNT.

74. Your Committee have already made in their First Report some general observations on this Account.

### VOTE 1.

75. The case to which the attention of your Committee has been called by the Comptroller and Auditor General, of the grant of a higher rate of pay to an officer promoted, but not appointed to any ship in commission, is admitted to be an irregularity, which was excused by the special circumstances of the case. Q. 1734.

169.

b 3

VOTE 2.

VOTE 2.

76. The carrying over to the Account of 1885-86, of a payment for Rum made in March 1885, seems to have been the result of the particular view taken by the Admiralty of the precise time at which the Rum in question came into their possession. It is, if an error at all, a legal and not a financial one. The Accounting Officer denies that the practice of carrying over to a subsequent Account payments which have actually accrued due enters into the financial expedients of the Admiralty.

VOTE 3.

77. The appointment of a Head Draughtsman to an established post without a Civil Service certificate has now been made regular, by the inclusion of his Office in Schedule B. of the Order in Council of 1870.

VOTE 10.—Section 2.

78. Arrangements have now been made by which the Admiralty take over on completion the Gun Mountings for which payment has been made to the War Office.

VOTE 17.

79. The attention of your Committee has been called by the Comptroller and Auditor General to the circumstances under which a loss of 240 l. was occasioned to the public by 35, instead of 47, Nile Boats being shipped upon a contractor's vessel. The Amount is charged to Sub-Head F. of this Vote, Freight of Army Stores, as "Dead-freight." As the freight on the 12 boats not shipped on the contractor's vessel had to be paid to those by whom they were actually carried, this freight is charged twice over against the Vote. Your Committee concur with the Comptroller and Auditor General that such a charge should be clearly shown in a separate Sub-Head.

GREENWICH HOSPITAL CAPITAL AND INCOME ACCOUNT.

GREENWICH HOSPITAL AND SCHOOL APPROPRIATION ACCOUNT.

80. Your Committee have no observations to make on these Accounts.

28 May 1886.

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# PROCEEDINGS OF THE COMMITTEE.

*Wednesday, 24th March 1886.*

## MEMBERS PRESENT :

Sir JOHN GORST in the Chair.

Mr. Ritchie.  
Mr. Seely.  
Mr. Jackson.  
Mr. Henry H. Fowler.

Mr. Rylands.  
Mr. Magniac.  
Mr. Arthur O'Connor.  
Mr. Lane.

The Committee considered Class I. and II. of the Civil Service Appropriation Accounts, as far as Vote 10.

Votes 22 & 23 and the Irish Votes of Class I., and Vote 5 of Class II. were postponed.

Mr. *Edward W. Hamilton*, Mr. *Charles L. Ryan*, Mr. *Algernon B. Mitford*, and Mr. *Allen Stoneham*, were examined.

[Adjourned till Wednesday next, at Half-past Two o'clock.]

*Wednesday, 31st March 1886.*

## MEMBERS PRESENT :

Sir JOHN GORST in the Chair.

Sir Walter Barttelot.  
Mr. Arthur O'Connor.  
Mr. Henry H. Fowler.  
Mr. Rylands.

Mr. Magniac.  
Mr. Seely.  
Mr. Lane.  
Mr. Jackson.

The Committee considered Class II. of the Civil Service Appropriation Accounts.

Mr. *John A. Kemp*, Mr. *Charles L. Ryan*, Mr. *Allen Stoneham*, Mr. *Walter Murton*, Mr. *George H. Lee*, and Mr. *T. Digby Pigott*, were examined.

[Adjourned till Wednesday next, at Half-past Two o'clock.]

*Wednesday, 7th April 1886.*

## MEMBERS PRESENT :

Sir JOHN GORST in the Chair.

Mr. Ritchie.  
Sir Walter Barttelot.  
Mr. Jackson.  
Mr. Henry H. Fowler.  
Mr. Arthur O'Connor.

Mr. Magniac.  
Mr. Seely.  
Mr. Lane.  
Mr. Rylands.

The Committee considered the postponed Votes 11, 16, 20, and 35 of Class II. and Class III. of the Civil Service Appropriation Accounts.

Vote 20, Class III. was postponed.

Mr. John A. Kempe, Mr. Charles L. Ryan, Mr. Allen Stoneham, Mr. Henry Reader Lock, Mr. T. Digby Pigott, Mr. Hugh Owen, Mr. Henry Nicol, and Colonel Sir Edmund F. Du Cane, were examined.

[Adjourned till Wednesday next, at Half-past Two o'clock.]

*Wednesday, 14th April 1886.*

MEMBERS PRESENT:

Sir JOHN GORST in the Chair.

Mr. Ritchie.  
Mr. Jackson.  
Mr. Henry H. Fowler.  
Mr. Arthur O'Connor.

Mr. Seely.  
Mr. Lane.  
Sir Walter Barttelot.

The Committee considered Classes IV.—VI. of the Civil Service Appropriation Accounts.

Votes 7 and 9 of Class V. were postponed.

Mr. Edward W. Hamilton, Mr. Charles L. Ryan, Mr. Patrick Cumin, Colonel John F. D. Donnelly, and Mr. Francis R. Alston, were examined.

[Adjourned till Wednesday, 5th May, at Half-past Two o'clock.]

*Wednesday, 5th May 1886.*

MEMBERS PRESENT:

Sir JOHN GORST in the Chair.

Mr. Ritchie.  
Mr. Arthur O'Connor.  
Sir Walter Barttelot.

Mr. Rylands.  
Mr. Magniac.  
Mr. Seely.

The Committee considered the following postponed Votes:—Class I., Vote 22 (Public Buildings, Ireland); Class II., Vote 29 (Secret Service); Class III., Vote 20 (Law Charges, &c., Ireland); Class V., Votes 7 and 9 (South Africa and St. Helena, and Cyprus); of the Civil Service Appropriation Accounts; also Classes VI. and VII. of the Civil Service Appropriation Accounts; the Accounts of the Revenue Departments and Post Office Packet and Telegraph Services; the Afghan War (Grant in Aid), Transvaal; and Woods, Forests, and Land Revenues.

Mr. Edward W. Hamilton, Mr. Charles L. Ryan, Major General Richard Hiram Sankey, Mr. Francis R. Round, Mr. Sydney Webb, Mr. Charles Turner, Mr. Algernon Turner, Lieutenant Colonel Robert Nigel Fitz-Hardinge Kingscote, and Mr. George Culley, were examined.

[Adjourned till Wednesday next, at Half-past Two o'clock.]

*Wednesday, 12th May 1886.*

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## MEMBERS PRESENT :

Sir JOHN GORST in the Chair.

Mr. Ritchie.  
Sir Walter Barttelot.  
Mr. Arthur O'Connor.  
Mr. Seely.

Mr. Lane.  
Mr. Jackson.  
Mr. Magniac.  
Sir John Lubbock.

The Committee considered the Army Appropriation Account.

Mr. Edward W. Hamilton, Mr. Charles L. Ryan, and Mr. Ralph H. Knox, were examined.

[Adjourned till Wednesday next, at Half-past Two o'clock.]

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*Wednesday, 19th May 1886.*

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## MEMBERS PRESENT :

Sir JOHN GORST in the Chair.

Mr. Ritchie.  
Sir Walter Barttelot.  
Sir John Lubbock.  
Mr. Jackson.  
Mr. Rylands.

Mr. Magniac.  
Mr. Seely.  
Mr. Arthur O'Connor.  
Mr. Lane.  
Mr. Henry H. Fowler.

The Committee further considered the Army Appropriation Account, Chelsea Hospital Account, Military Force Localisation Account, the Navy Account, and the Greenwich Hospital and School Account.

Mr. Edward W. Hamilton, Mr. Charles L. Ryan, Mr. Ralph H. Knox, General Hutt, and Sir Gerald Fitzgerald were examined.

[Adjourned till Thursday next, at a Quarter to Four o'clock.]

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*Thursday, 27th May 1886.*

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## MEMBERS PRESENT :

Sir JOHN GORST in the Chair.

Mr. Lane.  
Mr. Magniac.  
Mr. Arthur O'Connor.  
Mr. Henry H. Fowler.

Sir Walter Barttelot.  
Mr. Ritchie.  
Mr. Jackson.  
Sir John Lubbock.

DRAFT REPORT proposed by the *Chairman*, brought up and read the first time, as follows :—

" THE COMMITTEE of PUBLIC ACCOUNTS have made further progress in the Matters to them referred, and have agreed to the following SECOND REPORT:—

" CIVIL SERVICES.

" CLASS I.

" VOTE 5.—PUBLIC BUILDINGS, GREAT BRITAIN.

Q. 155. 160, 161.

" 1. YOUR Committee think that whenever expenditure not provided for in the Estimates is, from its character or its amount, of such importance as to be shown as a new work, Treasury sanction should be, if possible, obtained before the expenditure is incurred.

" VOTE 7.—FURNITURE OF PUBLIC OFFICES, GREAT BRITAIN.

" 2. In accordance with the suggestion of the Committee of Public Accounts in 1885, directions have been given by the Treasury to five Public Departments, viz.:—

Q. 162-163.

The Exchequer and Audit Department;  
The Customs;  
The Land Office, St. James-square;  
The General Register Office, Edinburgh;  
The Inland Revenue, Edinburgh;

to keep a list of the furniture in their possession by means of their ordinary servants, and without extra cost. Should the system, as tried in these cases, prove advantageous, it can be extended to the Public Offices generally.

" VOTE 13.—SURVEYS OF THE UNITED KINGDOM.

Q. 220.

Q. 248.

Q. 244.

" 3. The balance outstanding, in 1885, for maps supplied to the Land Judges Court, Ireland, again shows an increase over the balance outstanding in 1884. Your Committee have, however, been informed that this outstanding balance has been now considerably reduced, and that an order has been recently issued by the Judges of the Land Court which will, it is expected, expedite the recovery of the money.

" VOTE 14.—SCIENCE AND ART DEPARTMENT BUILDINGS.

Q. 253.

" 4. Your Committee are informed that the expenditure in connection with the Art Library was not provided for in the Estimates for 1884-45, in consequence of the expectation that the work would have been finished, and the payments for it completed within the previous financial years. Whenever circumstances permit care should be taken to obtain a re-vote.

" VOTE 15.—BRITISH MUSEUM BUILDINGS.

Q. 260.

" 5. This Vote contains charges postponed from 1883-84, in order to avoid an excess of the Grant for that year; the important question thereby raised is fully dealt with in our Report on Vote 35, Class II.

" VOTE 22.—PUBLIC BUILDINGS, IRELAND.

Q. 1136. 1145.

" 6. Your Committee think it desirable that the sanction of the Treasury should be obtained by the Public Works Department of Ireland to unforeseen expenditure at an earlier period than seems to be customary with that Department; and in cases in which informal sanction is given, the necessity for obtaining formal sanction as soon as practicable should be insisted on by the Treasury.

" 7. In the case of *ex post facto* official sanction, it might be convenient if the Comptroller and Auditor General were informed whether the Treasury were satisfied that their sanction had been called at the earliest moment practicable.

" CLASS II.

" VOTE 8.—PRIVY SEAL OFFICE.

Q. 307.

" 8. A sum of 123*l.* 4*s.* 3*d.* was paid to the holder of the offices of Assistant Clerk and Private Secretary to the Lord Privy Seal as salary during a period from 18 June to 15th November, when he was in prison on a charge of forgery, to which he ultimately pleaded guilty. The Treasury have expressed themselves to be content that the Accounting Officer should be discharged, and that officer states that the payment was made upon express instructions from the Lord Privy Seal. Your Committee regard this payment as wholly illegal, and an improper charge against the Vote, and recommend its disallowance from the Account.

" 9. Some

" 9. Some doubts were raised as to the person upon whom the pecuniary liability would ultimately fall in a case of this kind. The point, however, seems to have been decided in the Treasury Minute on the Public Accounts Committee Report of 1882, the concluding paragraph of which is to the following effect:— Q. 398, 399

" 'Accounting Officers will understand that if they are desired by their superior officers to order a payment which under Act of Parliament, Order in Council, Queen's Warrant, Treasury Minute, or otherwise they believe to be wrong, they must represent their objection, and the reason for it to such superior officer in writing. If the order is then repeated in writing, they may obey without further responsibility, but if the officer directing the payment is not the supreme chief of the Department, they should ask to obtain the authority in writing of such chief before obeying. The responsibility is then transferred to the directing officer, who will be held personally liable. The Report of the Public Accounts Committee shows that the action of the Treasury in enforcing such liability will be supported by the Committee, and my Lords are anxious that there should be no misunderstanding on this point throughout the service.'

" 10. The surplus to be surrendered should be 447 *l.* 3 *s.* 5 *d.*, instead of 323 *l.* 19 *s.* 2 *d.*, as shown by the Appropriation Account.

#### " VOTE 9.—BOARD OF TRADE.

" 11. With reference to the Report of the Public Accounts Committee, 1885, paragraph 16, your Committee have been informed that the Board of Trade have undertaken to introduce a Bill during the present Session to legalise the payment of the Engineer Examination Fees to the Mercantile Marine Fund. Q. 335.

#### " VOTE 10.—BANKRUPTCY DEPARTMENT OF THE BOARD OF TRADE.

" 12. An irregularity has been committed by the employment of many officials in this Department who do not hold a Civil Service Certificate, and whose offices have not been gazetted into Schedule B. of the Order in Council of 4th June 1870. Your Committee are informed that this irregularity will be for the future put an end to by gazetting into Schedule B. the offices above referred to, with the exception of those of Clerk to the Chief Official Receiver, to the Solicitor of the Bankruptcy Department, and to the County Salaried Receivers. These clerks, it is contended, being paid out of allowances granted to the Heads of their Departments for clerical assistance, are not in the Civil Service. Q. 400, 401, 402 Q. 405.

" 13. In Sub-Head F., Law Charges, is included a payment of 19 *l.* 2 *s.* 8 *d.* for solicitors' costs, which were by order of Court charged to an estate. The Board of Trade paid these costs out of public moneys, on the ground that the Order of Court was unjust to the creditors of the estate in question. Your Committee does not think such a payment properly chargeable against the Vote. Q. 366. 371.

" 14. There is a surplus to be surrendered of 84 *l.* 15 *s.* 6 *d.* No information as to the disposal of this surplus was given to the Comptroller and Auditor General; but your Committee have been informed by the Treasury that it will be paid into the Bankruptcy Fee Account. Q. 484.

#### " VOTE 11.—CHARITY COMMISSION.

" 15. A defalcation took place in this Department to the amount of 65 *l.* 3 *s.* 1 *d.* Satisfactory steps have been taken in the Department to prevent similar defalcations in the future. But your Committee regret that no special report of the circumstances was made to the Comptroller and Auditor General, in accordance with the Second Report of the Committee of Public Accounts, 1884, paragraph 29. Q. 553.

#### " VOTE 16.—LOCAL GOVERNMENT BOARD.

" 16. A new Sub-Head has been raised in the Account to defray the cost of the hire of a Steam Tug at Cardiff for quarantine duty. The Vote contained no provision for such expenditure, but the Treasury came to the conclusion that, as the case was a very special one, the cost should be defrayed out of the Local Government Board Vote, and not by the Local Authorities. Q. 567.

#### VOTE 20.—PATENT OFFICE.

" 17. The Accounting Officer admits that the Civil Service Certificate for the officer appointed as Sorter of Designs should have been earlier obtained. This will be done in future in any similar case. Q. 580, 581.

#### " VOTE 25.—STATIONERY AND PRINTING.

" 18. The Report of the Comptroller and Auditor General upon the Store Accounts of the Stationery Office, which is made this year for the first time, is generally satisfactory. Q. 636.

" 19. The Comptroller and Auditor General has called the attention of your Committee to the fact that the sole voucher in regard to a large proportion of the stores issued was the receipt of the carrier, with the remark, 'contents unknown,' for the case containing the stores. The stores in question were issued, not to any Public Department in the United Kingdom, in which case further vouchers showing the receipt by the Department of the actual stores are always supplied, but to stores intended for distant places and for the army in the field.

Q. 700.  
Q. 697. 703. 705.

" 20. In the case of Government Offices, however distant, your Committee see no difficulty in an acknowledgment of the actual receipt of the stores being supplied to the Stationery Department, and furnished to the Comptroller and Auditor General; but in the case of stores sent to an army in the field no complete vouchers can be possibly obtained, and the certificate of the officer of the Stationery Department, by whom the packing of the cases has been supervised, as to the stores contained therein, appears to be the only evidence of the contents of the cases that can be practically obtained.

Q. 706.

" 21. The attention of your Committee was also called to the fact that in the Patent Office, which consumes a large proportion of the Stationery Office stores, no check is kept upon the issues, so that no test can be applied to the large amount of stock held in its charge. Upon examination of the officers of the Patent Office it was admitted that no account whatever of the stock is kept, but the amount of stock is too large to be dealt with *en masse*, and the temptation to deal fraudulently with it is not very great.

Q. 675.

Q. 680.

#### " VOTE 29.—SECRET SERVICE.

" 22. The Comptroller and Auditor General has reported to your Committee that he has finally come to the conclusion that he is unable, in reference to this Vote, to fulfil the statutory duty cast upon him by the Exchequer and Audit Departments Act, 1866 (29 & 30 Vict. c. 39), and particularly described in Sections 27, 28, and 29 of that Act. A proposal has been made by the Treasury that certificates, in a form suggested, should be furnished by the Minister who expends Secret Service money, to serve instead of vouchers. It is, however, the view of the Comptroller and Auditor General that without express statutory authority he could not accept such certificates instead of the vouchers required by the Exchequer and Audit Department Act. He has accordingly represented to your Committee that he is not able to certify and report, either upon this Vote or upon the issue in respect of Secret Service charged directly upon the Consolidated Fund, as required by the 21st section of the above-mentioned Act. Your Committee do not conceive that it is within their province to express a judgment upon the construction which the Comptroller and Auditor General has put upon the Act, by which his duties are defined. There does not appear to be any authority to which it is the duty of the Comptroller and Auditor General to defer in this matter; and it seems to have been the intention of the Legislature to make him the sole judge of the sufficiency of the vouchers submitted to him. Under these circumstances, it is apparent that the expenditure on Secret Service, so long as it is kept secret from the Comptroller and Auditor General, cannot be certified and reported on by him under the provisions of the Exchequer and Audit Department Act, 1866.

Q. 1149.

#### " VOTE 32.—LUNACY COMMISSION, SCOTLAND.

" 23. A question of some importance is raised on this Vote, whether it is within the power of the Treasury, having reference to the Order in Council and the provisions of the Superannuation Act, to grant superannuation allowances for periods of service antecedent to the dates of Civil Service certificates. It appears to your Committee desirable that the question should be referred to the Law Officers of the Crown for their opinion.

Q. 665.

#### " VOTE 35.—HOUSEHOLD OF THE LORD LIEUTENANT OF IRELAND.

" 24. An important question of principle is raised by the Comptroller and Auditor General upon this Vote. An amount of 55 *l.* 5 *s.* accrued due for Incidental Expenses, Office of Arms; of this 27 *l.* was paid on account, leaving 28 *l.* 5 *s.* to be defrayed out of the Grant for 1885-86. The deliberate postponement to the next year of payments which have become due for the purpose of avoiding expenditure in excess of the Grant appears to be a common expedient in all Departments of the Civil Service. It is defended by the Treasury as being the less of two financial irregularities.

Q. 783.

Q. 746.

" 25. The accounting officers of the War Office and Admiralty, on the other hand, state that no such practice is ever adopted in their respective Departments, and they object, as a matter of financial principle, to postponing payments which have accrued due, and which ought in ordinary course to be paid.

Q. 1479.

" 26. Your Committee, however, concur with the Comptroller and Auditor General in the view that such a practice withdraws from the knowledge of the Comptroller and Auditor General and from Parliament the fact of expenditure in excess of Grant having been incurred. In a case like the present, when part of a sum is paid, the postponed payment of the residue is patent.

" 27. But

"27. But if the whole instead of part had been postponed, the irregularity would probably have never been discovered until the accounts of 1885-6 were under audit. Your Committee are strongly of opinion that if the practice hitherto sanctioned by the Treasury should be allowed to continue, every payment postponed for want of funds should be shown upon the face of the Appropriation Accounts, so that the fact of liability having been incurred in excess of Grant should be brought prominently before the notice of Parliament. Q. 739, 740. Q. 743.

" VOTE 38.—LOCAL GOVERNMENT BOARD, IRELAND.

"28. Your Committee were unable to obtain any satisfactory explanation with regard to the increase in the arrears due from local authorities, for expenses incurred in respect of Provisional Orders. The Public Accounts Committee, in 1885, were of opinion that it was not clear that any arrear is necessary, and that the object and reason, when arrears exist, should be distinctly stated. Your Committee adhere to these observations, and consider that the subject requires attention. Q. 800.

" CLASS III.

" VOTE 4.—SUPREME COURT OF JUDICATURE.

"29. The payment of salary to Mr. Crookehank, in excess of the amount sanctioned by the Order in Council, is admitted to be irregular. It will be rectified on the first opportunity. Q. 819.

" VOTE 6.—COUNTY COURTS.

"30. A payment has been made of 10*l.* 10*s.* to an officer of the County Court of Wrexham for acting as interpreter in excess of the rate sanctioned by the Treasury. This payment should be disallowed, and it will be recovered. The retirement of the Registrar of the Deal and Sandwich County Court, sets at rest an infraction of the statute of old standing; the amount involved may be admitted under the circumstances, The surplus to be surrendered should be 29,384*l.* 10*s.* 9*d.* Q. 823. Q. 826.

" VOTE 12.—CONVICT ESTABLISHMENTS, ENGLAND AND THE COLONIES.

"31. Your Committee hope that it will be found practicable to furnish the Comptroller and Auditor General with the Prisons Manufacturing Accounts at such a date as will admit of his including his observations upon them in the Report on the Appropriation Account. Q. 839.

"32. Such special expenditure as that incurred in respect of the farm at Broadlees should have been separately stated. It was not a farm worked by convict labour. Q. 848.

" VOTE 26.—THE IRISH LAND COMMISSION.

"33. The Estimate to be transferred from the Irish Church Funds in aid of the Vote was 7,740*l.* The amount actually transferred was 9,044*l.* Your Committee concur with the opinion of the Public Accounts Committee of 1883 that in such case the Surplus of 1,304*l.* should have been paid into the Exchequer as an extra receipt. The course adopted by the Accounting Officer of deducting it, together with the 7,740*l.* stated in the Estimate, from the total expenditure, has the effect of enabling the Department to spend 1,304*l.* more than the sum appropriated by Parliament. Second Report of Public Accounts Committee, 1883, par. 23. Q. 895.

" VOTE 27.—COUNTY COURT OFFICERS, &c., IRELAND.

"34. The Comptroller and Auditor General reports that salaries continue to be paid to certain resident magistrates at rates in excess of those authorised by the Acts 37 & 38 Vict. c. 23. Q. 895.

"35. Your Committee entirely concur in the views expressed by the Public Accounts Committee of 1885 on this subject, and they regret that they have not been furnished with the memorandum promised by the Treasury, in explanation of the legal points which are stated to have arisen, to prevent steps being taken to put an end to their illegal payment.

" CLASS IV.

" VOTE 1.—PUBLIC EDUCATION, ENGLAND AND WALES.

"36. Your Committee are of opinion that alterations in the Code should always have for their object the more efficient discharge of its duty by the Education Department, and should never be made for the purpose of making an expenditure regular which had been objected to by the Comptroller and Auditor General. In this view they understand the Education Department to concur. Q. 907.

"37. In the case of the Stonehouse National School, Gloucestershire, a payment of 19*l.* 11*s.* 1*d.* to the Charity Commissioners is admitted to be an improper charge against the Vote. The surplus on the account should accordingly be increased by that amount. Q. 912.

**" VOTE 2.—SCIENCE AND ART DEPARTMENT FOR THE UNITED KINGDOM.**

" 38. Your Committee concur with the Comptroller and Auditor General in considering that the cost of a guide-book, designed to assist teachers visiting the International Health Exhibition, does not come within the intention of Sub-head F. 10, Preparation, &c., of Catalogues, and that the expenses in connection with the removal of the late Professor Archer's body from London to Edinburgh were improperly charged to Sub-head I. 7, Travelling.

**" VOTE 14.—PUBLIC EDUCATION, IRELAND.**

" 39. The Comptroller and Auditor General has called the attention of your Committee to the fact that the conditions of the 'Results Programme,' under which fees to Principal and Assistant Teachers are paid, were, in the year 1884-85, much easier than those previously in force. The alterations in these conditions was the main cause which led to the necessity of a Supplementary Estimate of 23,000 *l.*, under the Sub-head under which these fees are paid, and to a final excess of 1,855 *l.* over the Original and Supplementary Estimates.

" 40. The payment of 'Results Fees' for algebra and geometry taught in school hours, in cases where the pupils failed in essential subjects, appears to your Committee to be contrary to the clear and decided terms of the Results Programme itself.

" 41. In the mode of calculating average attendance, your Committee are of opinion that undue laxity is allowed in the interpretation of the rule by which 'in an extreme and exceptional case the attendance on a particular day is allowed to be excluded. Not only is the number of days so excluded allowed in the case of some schools to amount to more than 20 and even 30, but reasons accepted are not always severity of weather, or even Church festivals, but fairs, funerals, field labour, &c.' Notwithstanding that the concluding sentence of the bye-law is, 'it is to be clearly understood that the number of days on which the annual average is calculated should never be less than 200,' cases have occurred in which a considerably less number of days has been accepted by the Commissioners as the basis of calculation. Your Committee are of opinion that the discretion of the Commissioners is not so wide as to cover an infringement of their own bye-laws, and this infringement is confirmed by the fact that in the new rules of 1885 alterations have been made by the Commissioners in this bye-law, for the apparent purpose of giving to the Commissioners that discretion which in 1884-85 they lacked. The violation of Rule 165, to which attention was called in the Report of the Committee of Public Accounts last year, appears to be still continued.

**" CLASS V.**

**" VOTE 2.—CONSULAR SERVICES.**

" 42. THE mode of relief adopted by the Consul at Buda-Pesth, in the case of a British subject named Allworth, appears to your Committee to have been contrary to the Foreign Office instructions applicable to the cases of distressed British subjects abroad, and to be excusable only on the ground of the peculiar circumstances of the case.

**" VOTE 6.—GRANTS IN AID OF EXPENDITURE IN CERTAIN COLONIES.**

Q. 1040-1053.

" 43. Your Committee consider that Grants in Aid of Colonial Revenues should have attached to them an obligation to repay the amount when the condition of the Colony admits of it. This is a matter which should, in the opinion of your Committee, receive the early attention of the Treasury.

**" VOTE 7.—SOUTH AFRICA AND ST. HELENA.**

Q. 1178.

" 44. There seems no reason why Treasury Authority should not have been obtained before the Account was finally rendered, for the numbers and pay of the official staff and police force employed in Bechuanaland. There seems also to have been undue delay in the transmission of the accounts for audit.

Q. 1185.

" 45. Since the date of his Report the Comptroller and Auditor General has received from the Accounting Officer satisfactory proof of the payment of 16 *l.* 8 *s.* for forage for a detachment of police at Vrysburg. The net surplus to be surrendered will therefore be 2,743 *l.* 10 *s.* 5 *d.*, as shown originally in the Appropriation Account.

**" VOTE 9.—CYPRUS, GRANT IN AID.**

Q. 1207.

" 46. Your Committee are glad to learn that the recommendations for strengthening the local audit have been adopted by the Legislative Council.

Q. 1200.

" 47. Your Committee are informed that it is not possible to state precisely by what amount the revenue of Cyprus was affected by the frauds that took place. An error similar to that noticed by the said accountant last year, occurs in the statement of assets and liabilities.

## "CLASS VI.

## "VOTE 1.—SUPERANNUATION AND RETIRED ALLOWANCES.

"48. The Comptroller and Auditor General has called the attention of the Public Accounts Committee to a number of cases in which Pensions have been granted by the Treasury not in accordance with law. The Treasury appear to admit the justice of the observations of the Comptroller and Auditor General, but consider that public convenience, or the urgency of some particular case, justify a departure from the strict letter of the law. Your Committee do not regard the assumption of this discretionary power by the Treasury as satisfactory. Pensions which purport to be legal ones should be strictly within the letter of the law. Those which are not granted in pursuance of powers conferred upon the Treasury by Statute should be submitted in the Estimates to the judgment of the House of Commons. It is Parliament, and not the Treasury, which ought to decide whether the circumstances of any particular case are such as to require exceptional treatment; and it appears to your Committee that in straining the law for the purpose of meeting the exigencies of a particular case, the Treasury is usurping the functions of the Legislature. The admitted overpayments amounting to 10*l.* 8*s.* 5*d.* should be disallowed, and the surplus altered accordingly.

Q. 1208.

## "VOTE 2.—SEAMEN'S FUND PENSIONS, &amp;c.

"49. Your Committee regret that no steps have yet been taken to obtain the necessary amendment of the Act 14 & 15 Vict. c. 102, suggested by the Public Accounts Committee, 1884, paragraph 73.

## "CLASS VII.

## "MISCELLANEOUS.

"50. Your Committee have no observations to make on this Class.

## "REVENUE DEPARTMENTS.

## "VOTE 2.—INLAND REVENUE.

"51. A clause has now been drawn, which only awaits incorporation in some suitable Bill, to give full power to the Commissioners of Inland Revenue to pay the extra allowances made by way of extra poundage to the clerks to local commissioners, in relation to business connected with the execution of the Income Tax Acts.

Q. 1216.

## "VOTE 3.—POST OFFICE.

"52. Letter Carriers are still employed in this Department without Civil Service certificates for periods extending beyond the six months allowed by notice in the 'London Gazette' of 13th February 1885. Your Committee understand that the period of six months has been found insufficient, and they are of opinion that a representation to that effect should be made to the Treasury, so that if it is insufficient a further extension of time may be obtained.

Q. 1224.

## "VOTE 5.—POST OFFICE TELEGRAPHS.

"53. Your Committee are informed that questions as to the mode of charging and exhibiting the expenditure under Sub-Head O. (Telegraph Works), are still under consideration and not yet ripe for decision.

Q. 1284.

"54. The Treasury contemplate very shortly to request the Comptroller and Auditor General to undertake a general test examination or inspection of the Telegraph Store Accounts at the Post Office.

Q. 1287.

## "TRANSVAAL.

"55. Your Committee are informed that further Vouchers for something like 1,000 *l.* have been produced by Sir Theophilus Shepstone. They also learn with much satisfaction that on a review of all the circumstances, the Treasury are prepared to allow Sir T. Shepstone credit for the net amount now standing against him of 3,060 *l.* 3*s.* 1*d.*, and thus finally to close the account.

Q. 1304.

See Appendix,  
No. 4, p. 7.

## "TREASURY CHEST.

## "CIVIL CONTINGENCIES ACCOUNT.

## "CONSOLIDATED FUND ABSTRACT ACCOUNT.

## "TELEGRAPH CAPITAL ACCOUNT.

"56. Your Committee have no observations to make upon these Accounts.

### “WOODS, FORESTS, AND LAND REVENUES.

- Q. 1309. “57. A question has been raised on this Account, whether a portion of the fines received for the sale of Sandgate Castle should not have been paid to the Exchequer, instead of being carried to the Capital Account of the Land Revenues of the Crown. Your Committee have been informed that it was not found practicable to make any such division.
- Q. 1791.

### “ARMY APPROPRIATION ACCOUNT.

- Q. 1232. “58. Your Committee regret that in framing the Army Supplementary Estimates for 1884–85 it was found impossible to apportion the added sums between the different Sub-Heads defined in the ordinary Estimates. They concur in the view of the Comptroller and Auditor General that in such case the accounting under the numerous Sub-Heads of the ordinary Estimates becomes of little practical value.

- Q. 1345. “59. Of the four Special Services for which money was voted, viz., the Nile Expedition, the Military Operations in the Soudan, the Expedition to Bechuanaland, and the Defence of Coaling Stations Abroad, two separate Accounts only have been rendered by the War Office instead of four, as recommended by the 52nd paragraph of the Report of the Public Accounts Committee of 1880. The authorities of the War Office contend that the two first services are practically identical, and that the expenditure upon each could not be conveniently separated; and they do not regard the last as a special service at all. The reference to the defence of Coaling Stations in the Estimates was intended as an explanation of the necessity for increased provision under certain Sub-Heads of the Estimates. The general principle of the expediency of separate accounts of special services is not contested.
- Q. 1347.
- Q. 1249.

“60. Your Committee concurred in the views which are expressed by the Comptroller and Auditor General in reference to expenditure connected with Warlike Operations, that such part of that expenditure as is incurred in England should receive the previous sanction of the Treasury, unless it is of such a character as in the ordinary administration of the War Office does not require such sanction. In the expenditure connected with Egypt this restriction upon the authority of the War Department seems to have been in some cases overlooked.

#### “VOTE 1.

- Q. 1418. “61. Vouchers for the sum of 49*l.* 1*s.* 10*d.*, included in the expenditure under Sub-Head K., Pay of Veterinary Department, have now been furnished.

#### “VOTE 9.

- Q. 1441. “62. Vouchers for the sum of 1,817*l.* 19*s.* 7*d.*, included in the expenditure under Sub-Head C., Pay of Commissariat Subordinate Establishment, have now been furnished.

#### “VOTE 10.

- Q. 1446. “63. Vouchers for the sum of 5,245*l.* 19*s.* 3*d.*, included in the expenditure under Sub-Head I., Transport Abroad, have now been furnished.

#### “VOTE 13.

“64. Your Committee concur with the Comptroller and Auditor General in thinking that the sum of 23*l.* 6*s.*, charged to a special Sub-Head under Part I., Fortifications, for a suitor's costs in an action against the Crown at Malta, should be disallowed, as an improper charge against this Vote.

#### “VOTE 15.

- Q. 1513. “65. Your Committee concur in the views expressed by the Comptroller and Auditor General in reference to the loss of 440*l.* in specie when in charge of an officer in Egypt. A loss of public money should not be charged against Sub-Head K. of this Vote, Compensation for Losses, but should be brought under the notice of the Treasury, and shown clearly in the Statement of Losses Irrecoverable which accompanies the Appropriation Account. To treat the loss as one for which the officer is personally liable, and the payment as a compensation to him in respect of that liability, does not seem to your Committee to be in accordance with the intentions of Parliament in making the provision for compensation for losses under Sub-Head K.

## "VOTE 22.

"66. Your Committee understand that the objection made by the Comptroller and Auditor General, with reference to certain persons who are styled and treated as 'In-pensioners' of Chelsea Hospital, will be removed by fresh regulations, which will make it clear that such persons are not 'In-pensioners,' but are persons employed within the walls of the Hospital for the necessary service thereof. Q. 1540.

"67. Your Committee cannot regard as convenient the assumption by the Commissioners of Chelsea Hospital of discretionary powers which override the provisions of the Royal Warrants, and they recommend that in all cases where it is found necessary in practice to depart from the course which is prescribed in these Warrants they should be previously amended.

## "VOTE 23.

"68. The Comptroller and Auditor General has called the attention of your Committee to many particulars in which the Commissioners of Chelsea Hospital, in awarding pensions, do not seem to observe the rates and conditions fixed by Royal Warrants given under the advice of the Secretary of State, and to cases in which the Secretary of State appears to exercise a very wide discretion in the interpretation which he puts upon the Royal Warrants themselves. It appears to your Committee that the rules and regulations under which pensions are granted should be made clear and precise, and should be strictly adhered to. If in practice it is found that such rules and regulations require alteration it would, in the judgment of your Committee, be better to have them specifically amended, rather than to have their language interpreted in a non-natural sense at the discretion of the Secretary of State.

"69. In the case of pensions which have been mis-calculated and allowed in error, your Committee are of opinion that the correct legal pension only should be paid from the date at which such error has been discovered. It is an act of grace, appropriate under the circumstances, to abstain from requiring the recipients to refund public money which they have not in fact been entitled to receive; but they have no claim, moral or equitable, to continue after the original error has been discovered to receive that to which they never had any right.

"70. Your Committee are, however, informed that a special plan has now been approved by the Comptroller and Auditor General and the Treasury for examining the charge for pensions as they are sanctioned, and thus avoiding the hardship of reducing a pension once granted. They are further informed that cases of pensions allowed by the Secretary of State on a strained interpretation of the Royal Warrants will not in future occur, as special application is now made to the Treasury for the issue of all pensions which the letter of the Warrant does not cover, and the Treasury is empowered by another Warrant to sanction the issue of pensions of that kind. See additional Statement by Mr. Knox, p. 120.

## "EXTERNAL AUDIT OF STORE ACCOUNTS.

"71. As this matter is still under the consideration of the Treasury, and no definite plan has been placed before your Committee, your Committee abstain from adding anything to the observations of previous Committees. They regret that the recommendation of the Committee of Public Accounts of last year, that in the Valuation of Army Stores, which accompanies the Army Appropriation Account, quantities as well as values of the principal stores should be given, has not been complied with. Q. 1625.

"72. In consequence of the additional vouchers submitted to the Comptroller and Auditor General since the date of his Report on the Army Appropriation Account, the surplus to be surrendered will now be 560,632*l.* 6*s.* 6*d.* Q. 1716.

## "CHELSEA HOSPITAL.

"73. The Commissioners of Chelsea Hospital have, under 2 Will. 4, c. 53, s. 42, a discretionary power to apply unclaimed and forfeited prize money to the general services and expenses of the Hospital. They have used this power to increase a salary provided for and fixed in the Estimates. Your Committee regard the existence of such a power to alter the provisions made by Parliament for any particular service as inconvenient, but it appears that in the case of Chelsea Hospital it is within the statutory authority of the Commissioners. Q. 1723.

## "MILITARY FORCES LOCALIZATION.

"74. Your Committee have no observations to make on this Account.

## "NAVY APPROPRIATION ACCOUNT.

"75. Your Committee have already made in their First Report some general observations on this Account.

## " VOTE 1.

Q. 1734.

" 76. The case to which the attention of your Committee has been called by the Comptroller and Auditor General, of the grant of a higher rate of pay to an officer promoted but not appointed to any ship in commission, is admitted to be an irregularity, which was excused by the special circumstances of the case.

## " VOTE 2.

Q. 1739.

" 77. The carrying over to the Account of 1885-86 of a payment for rum made in March 1885, seems to have been the result of the particular view taken by the Admiralty of the precise time at which the rum in question came into their possession. It is, if an error at all, a legal and not a financial one. The practice of carrying over to a subsequent Account payments which have actually accrued due does not appear to enter into the financial expedients of the Admiralty.

## " VOTE 3.

Q. 1749.

" 78. The appointment of a head draughtsman to an established post without a Civil Service certificate has now been made regular, by the inclusion of his office in Schedule B. of the Order in Council of 1870.

## " VOTE 10.—Section 2.

Q. 1769.

" 79. Arrangements have now been made by which the Admiralty take over on completion the gun mountings for which payment has been made to the War Office.

## " VOTE 17.

" 80. The attention of your Committee has been called by the Comptroller and Auditor General to the circumstances under which a loss of 240 *l.* was occasioned to the public by 35, instead of 47, Nile boats being shipped upon a contractor's vessel. The amount is charged to Sub-Head F. of this Vote, Freight of Army Stores, as "Dead-freight." As the freight on the 12 boats not shipped on the contractor's vessel had to be paid to those by whom they were actually carried, this freight is charged twice over against the Vote. Your Committee concur with the Comptroller and Auditor General that such a charge should be clearly shown in a separate Sub-head.

## " GREENWICH HOSPITAL CAPITAL AND INCOME ACCOUNT.

## " GREENWICH HOSPITAL AND SCHOOL APPROPRIATION ACCOUNT.

" 81. Your Committee have no observations to make on these Accounts."

DRAFT REPORT proposed by the *Chairman*, read a second time, paragraph by paragraph.

Paragraphs 1—2, *agreed to*.

Paragraph 3, amended, and *agreed to*.

Paragraphs 4—6, *agreed to*.

Paragraphs 7—8, amended, and *agreed to*.

Paragraphs 9—11, *agreed to*.

Paragraphs 12—13, amended, and *agreed to*.

Paragraphs 14—18, *agreed to*.

Paragraphs 19—20, amended, and *agreed to*.

Paragraph 21. — Amendment proposed, to insert in line 3, after the word "issues," the words "or upon the monies received for them"—(Mr. *Magniac*).—Question put, That those words be there inserted.—The Committee divided:

Ayes, 4.

Mr. Lane.  
Mr. Magniac.  
Mr. Arthur O'Connor.  
Sir Walter Barttelot.

Noes, 4.

Mr. Henry Fowler.  
Mr. Ritchie.  
Mr. Jackson.  
Sir John Lubbock.

Whereupon

Whereupon the *Chairman* declared himself with the *Noes*.

An Amendment made.—Paragraph, as amended, *agreed to*.

Paragraph 22 amended.—Another Amendment proposed at the end of the paragraph to add the words “Your Committee are of the opinion expressed by the Public Accounts Committee of 1885, that any balance of the sum of 10,000 *l.* charged annually upon the Consolidated Fund, on the authority of the Act 1 Vict. c. 2, s. 15, should be returned into the Treasury”—(Sir *Walter Barttelot*).—Question put, That those words be there added.—The Committee divided :

Ayes, 6.  
Mr. Magniac.  
Mr. Arthur O'Connor.  
Mr. Henry Fowler.  
Sir Walter Barttelot.  
Mr. Ritchie.  
Sir John Lubbock.

Noes, 2.  
Mr. Lane.  
Mr. Jackson.

Paragraph, as amended, *agreed to*.

Paragraph 23, *agreed to*.

Paragraph 24.—Amendment proposed, in line 6, to leave out from the word “appears” to the word “Service,” inclusive—(Mr. *Henry Fowler*).—Question put, That the words proposed to be left out stand part of the paragraph.—The Committee divided :

Ayes, 6.  
Mr. Lane.  
Mr. Magniac.  
Mr. Arthur O'Connor.  
Sir Walter Barttelot.  
Mr. Ritchie.  
Mr. Jackson.

Noes, 2.  
Mr. Henry Fowler.  
Sir John Lubbock.

Paragraph *agreed to*.

Paragraph 25.—Question put, That the paragraph stand part of the Report.—The Committee divided :

Ayes, 4.  
Mr. Magniac.  
Mr. Arthur O'Connor.  
Sir Walter Barttelot.  
Mr. Jackson.

Noes, 4.  
Mr. Lane.  
Mr. Henry Fowler.  
Mr. Ritchie.  
Sir John Lubbock.

Whereupon the *Chairman* declared himself with the *Ayes*.

Paragraphs 25—32, *agreed to*.

Paragraph 33, *disagreed to*.

Paragraphs 34—37, *agreed to*.

Paragraph 38, amended, and *agreed to*.

Paragraphs 39—40, *agreed to*.

Paragraph 41, amended, and *agreed to*.

Paragraph 42, *agreed to*.

Paragraph 43, *disagreed to*.

Paragraphs 44—48, *agreed to*.

Paragraph 49, amended, and *agreed to*.

Paragraphs 50—68, *agreed to*.

Paragraph 69, *disagreed to*.

Paragraphs 70—71, amended, and *agreed to*.

Paragraph 72, *agreed to*.

Paragraph 73, amended, and *agreed to*.

Paragraphs 74—76, *agreed to*.

Paragraph 77, amended, and *agreed to*.

Paragraphs 78—81, *agreed to*.

Amendment proposed, That the following new paragraph be inserted in the proposed Report:—"Your Committee observe that losses on light gold at the Post Office Savings Banks are entered under the heading, 'Losses, Fraud, Default, and Accident,' and that there is a similar Sub-Head in the Post Office Account. Your Committee recommend that losses in light gold should be shown under separate Sub-Heads"—(Mr. *Magniac*).—Question, That this paragraph be inserted in the proposed Report,—put, and *agreed to*.

Amendment proposed, That the following new paragraph be inserted in the proposed Report:—"Consolidated Fund Abstract Account.—With reference to the charge of 10,000 *l.* on this account for Secret Service, your Committee refer to the observations made by them in paragraph 22 of this Report"—(The *Chairman*).—Question, That this paragraph be inserted in the proposed Report,—put, and *agreed to*.

Question, That this Report, as amended, be the Second Report of the Committee to the House,—put, and *agreed to*.

*Ordered*, To Report, together with the Minutes of Evidence, and an Appendix.

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MINUTES OF EVIDENCE.

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# MINUTES OF EVIDENCE.

Wednesday, 24th March 1886.

## MEMBERS PRESENT:

Mr. Henry H. Fowler.  
Sir John Gorst.  
Mr. Jackson.  
Mr. Lane.  
Mr. Magniac.

Mr. Arthur O'Connor.  
Mr. Ritchie.  
Mr. Rylands.  
Mr. Seely.

SIR JOHN E. GORST, IN THE CHAIR.

## CIVIL SERVICE APPROPRIATION ACCOUNTS, 1884-85.

Mr. EDWARD W. HAMILTON, C.B., and Mr. CHARLES LISTER RYAN, C.B., called in; and further Examined.

### CLASS I.—On VOTE I.

#### ROYAL PALACES.

Mr. ALGERNON BERTRAM MITFORD, C.B., called in; and Examined.

*Chairman.*

123. (To Mr. Mitford.) AMONG the items of excess on Sub-Head D., "New works and alterations," is there not a sum of 371 l. 10 s. for works at Wilderness House, Hampton Court?—Yes.

124. Had any provision for that work been made in the Estimates for the year 1884-85?—No.

125. Why was no provision made in those Estimates for it?—Because that work was consequent upon a change of occupation; we were enabled in consequence of that change to effect an arrangement between the Lord Chamberlain's Department and ourselves, which was greatly to the advantage of the public service, by obtaining possession of certain old stables attached to Wilderness House, which we were enabled to throw into the working department of the gardens. It was a very beneficial arrangement for the public service.

126. Then why was not the Treasury sanction obtained before the expenditure on that work was commenced?—I do not remember what the reason was, but there was a reason.

127. The Comptroller and Auditor General reports that "the sanction of the Treasury was obtained in the month succeeding that in which the first expenditure was recorded"—I cannot tell at the present moment offhand why that was.

0.69.

On VOTE 3.

#### ROYAL PARKS AND PLEASURE GARDENS.

*Chairman.*

128. Was not there an expenditure incurred under the head of "Fencing, new parks, &c.," in respect of services for which no provision was made in the Estimate for 1884-85?—That is a misprint; it should be "Fencing, new paths, &c."

129. In respect of that work and "Improvements at Hyde Park Corner," was there not expenditure for which no provision was contained in the Estimate for 1884-85?—Yes.

130. Can you explain to the Committee why no provision for that expenditure was made in the Estimate?—The whole expenditure arose in consequence of our having undertaken a work of fencing on the embankment at Battersea Park, on the other side of the river, which was reported to be dangerous, and it was found to be more economical to do the whole in one year instead of in two years, as had at first been contemplated.

131. Have you any explanation to give why the expenditure on "Improvements at Hyde Park Corner" was not provided for; could not that have been foreseen?—It is all on account of that one expenditure that I have referred to, though it comes under that heading.

132. It is all on account of the Battersea Park Expenditure?—Yes.

A

24 March 1886.] Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. MITFORD, C.B. [Continued.]

APPROPRIATION ACCOUNTS—Class I.

On VOTE 4.

HOUSES OF PARLIAMENT.

*Chairman.*

133. I see that there are two items of charge, for which no provision was made in the Estimate; can you explain that?—It was impossible, of course, to foresee that we should be obliged to incur expenditure on account of precautions against explosives; and the new grill stove was expenditure that was incurred in consequence of the desire of the House of Commons.

*Mr. Jackson.*

134. Surely it could not be difficult to get Treasury sanction to an expenditure of that sort?—Treasury sanction was obtained.

*Mr. Ritchie.*

135. Prior to any charge being made?—Yes.

On VOTE 5.

PUBLIC BUILDINGS, GREAT BRITAIN.

*Chairman.*

136. I see that under this Vote there were two cases in which "the expenditure was not considered of a nature to require special Treasury sanction;" why was that. The expenditure was upon "Patent Office warehouse, racks and shelving, and upon chimney stacks at the Horse Guards"?—Yes, those were urgently required services, which were pressed upon us at a moment's notice, and we put the work in hand immediately, and reported to the Treasury.

137. Ought not Treasury sanction to be obtained for works of that kind as soon as it possibly can be?—That is the rule we adopt; but sometimes these things are pressed upon us in a most urgent way.

138. I see that in the case of additions to the residence of the Assistant Astronomer at the Edinburgh Royal Observatory, a grant had been made for the service in the previous year; ought not that sum, if not used in the previous year, to have been re-voted?—It was assumed that the whole expenditure would fall upon the year for which the money was voted; but, as a matter of fact, it was not all expended within that year.

139. Did you not raise, with the authority of the Treasury, a new Sub-Head for the Shrewsbury and Holyhead Road?—Yes. That was on account of the repairs which were necessary on winding up the Trust, and handing over the road to the counties.

140. Did that transfer to the county authorities take place under the provisions of an Act of Parliament?—Yes, it was in accordance with a recommendation of a Committee of Parliament.

141. Were you obliged to execute those repairs before the transfer could be effected?—Yes, that was the decision the Committee came to.

APPROPRIATION ACCOUNTS—Class I.

Vote 5.—Public Buildings, Great Britain—*continued.*

*Mr. Ritchie.*

142. Was Treasury sanction not obtained at all for this small expenditure upon the Patent Office warehouse, racks and shelving, and upon Horse Guards chimney stacks, either before or after the expenditure was incurred?—It was obtained afterwards.

143. I ask because the Comptroller and Auditor General says that "the expenditure was not considered of a nature to require special Treasury sanction;" that rather looks as if Treasury sanction had not been obtained either before or after the expenditure was incurred?—I think it was obtained, but I will inquire. (*Mr. Hamilton.*) It was not obtained. (*Mr. Mitford.*) If you look at A 12 you will see that there is a head for "New works, &c., of a minor character;" it was held that these works would come under that category.

144. But if they came under that category, why did you ever create special Sub-Heads for them, because you had a surplus unexpended of 1,464 l. 11 s. upon Sub-Head A 12?—They were works of a minor character.

145. But my question is, if they were works which would be included in "New works, &c., of a minor character," why were new Sub-Heads created for them?—New Sub-Heads were not created.

146. When expenditure is incurred for which Treasury sanction is necessary, it is usual, is it not, when it is considered necessary to put such expenditure under new Sub-Heads, to ask the Treasury to sanction new Sub-Heads being created for it, and to sanction the payments?—Yes; but this was a case in which it was in the first instance thought that these were such works as might fairly come under the category of "New works, &c., of a minor character," they being unforeseen; but afterwards there appeared to be a special character about them, and then they were shown as separate items.

147. Should not Treasury sanction have been obtained then?—We thought that they were altogether of the class of works that would come under Sub-Head A 12.

148. But you considered it necessary to open a new Sub-Head for them?—I think it would have been wiser, of course, to have obtained Treasury sanction at that stage. The only thing I can say is we were desirous, as we always are, to give as much information as we possibly could; and therefore they were shown separately.

*Mr. Jackson.*

149. You would hardly call the repairs to a chimney stack a new work, would you?—A repair to a chimney stack would ordinarily be a work of a minor character; it all depends upon what the work is; if it is merely a very small alteration it would come under "the ordinary head of "Maintenance and repairs."

150. And therefore not under "New works, &c., of a minor character"?—The difficulty is, that

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APPROPRIATION ACCOUNTS—Class I.

Vote 5.—Public Buildings, Great Britain—*continued.*

Mr. Jackson—*continued.*

that sometimes it is said that we do not give enough information, and at other times it is said that we give too much.

151. That is not the complaint in this case; what is said here is that you did not get "Treasury sanction for this expenditure, although it was not such as you would yourself classify under Sub-Head 4, "New works"?—It is "New works and alterations of a minor character"; this was not a new work, but it was an alteration.

Mr. Rylands.

152. Why was it not included under Sub-Head B. as belonging to the ordinary class of maintenance and repairs of buildings?—I think it might fairly have been included under Sub-Head B.

153. In that case it would not have appeared under a separate Sub-Head?—In that case it would not have appeared at all.

154. Still as it does appear as a separate Sub-Head, the question is whether it is not the custom in such a case to get Treasury sanction for the payment?—Yes, it certainly is the custom; we should always do it as a rule; I do not know why it was not done in this case; it must have been an oversight.

Chairman.

155. (To Mr. Ryan.) Have you any observation to make upon this matter?—The real point of the question seems to me to be, that if an expenditure has not been provided for in the estimate at all, which is the case here, and if it is sufficiently large to be shown as a new work, then the Treasury authority should be required for it on the ground that it was not before Parliament at the time when the estimate was passed. That is the meaning of the Comptroller and Auditor General's words which have been referred to. I may explain that all these paragraphs this year are new; they are inserted at the request of the Public Accounts Committee of last year, who, in their Report, expressed the opinion that the Comptroller and Auditor General should bring before this Committee specially in his Report all such services as were not provided for in the Estimates; that is why he has done so.

Mr. Arthur O'Connor.

156. Do you remember what paragraph that was in the Report of last year?—Paragraph 12.

Mr. Rylands.

157. Do you see any reason why the expenditure upon the repairs to the chimney stacks should not have been put under Sub-Head B. without Treasury sanction being obtained for it?—If that expenditure had been included in Sub-Head B. in the original framing of the estimate, there would not have been any necessity for Treasury sanction.

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APPROPRIATION ACCOUNTS—Class I.

Vote 5.—Public Buildings, Great Britain—*continued.*

Mr. Rylands—*continued.*

158. I suppose in framing the estimate, provision must always be made in the lump for unexpected repairs that may occur in the course of the year; the actual repairs cannot be foreseen?—It may be so; but in this case, by the confession of the Department itself, it was not so provided for, because they show it separately.

159. And therefore you contend that having omitted it in their estimate of ordinary repairs, they were bound to get Treasury sanction for it?—Yes.

Chairman.

160. (To Mr. Hamilton.) Can you state the Treasury view upon this point?—I think Mr. Ryan has stated the case from the Treasury point of view.

161. (To Mr. Mitford.) I understand that you concur in what has been said?—Certainly; what has occurred is clearly quite wrong; it is not defensible.

On VOTE 7.

FURNITURE OF PUBLIC OFFICES, GREAT BRITAIN.

Chairman.

162. Has the practice of keeping inventories of the furniture by means of the officials of the Department itself, been adopted in any other Department than the Exchequer and Audit Department?—At the present moment we are inaugurating it under Treasury authority in three Departments in England and two in Scotland, as test cases.

Mr. Arthur O'Connor.

163. What Departments are those?—In England, the Exchequer and Audit Department, the Customs, and the Land Office in St. James's-square; and in Scotland, the General Register Office at Edinburgh, and the Prisons Department, or rather, I think it is the Inland Revenue. I am sorry to say my papers have miscarried in coming down here, and I am obliged to speak from memory.

164. Then it is only in a limited manner that the recommendations of the Public Accounts Committee have been carried out?—The instructions which we have received from the Treasury are to try it in one or two Departments, and we are trying it in five at the present moment.

165. (To Mr. Ryan.) Can you say whether there has been any difficulty in maintaining the inventory in the office of the Comptroller and Auditor General?—None whatever.

166. Have you had any reason, from your experience in the office, to suppose that there would be any very great difficulty in adopting the system in all the public offices?—I should think not, judging from the fact that we have found no difficulty ourselves in our office.

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167. Has

24 March 1886.] Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. MITFORD, C.B. [Continued.]

APPROPRIATION ACCOUNTS—Class I.

Vote 7.—Furniture of Public Offices, Great Britain—*continued.*

Mr. Jackson.

167. Has it entailed any cost?—None whatever; we have done it with our own staff without any additional cost.

168. (To Mr. Mitford.) When you said that you were doing it with the Treasury sanction, did you mean that they had authorised any expenditure for the purpose?—We were told simply to do it.

169. Do you anticipate that it will cause any additional expenditure?—Not to the extent to which it is now carried out; if it goes to any great length, as I have told the Committee on previous occasions, it would occasion expenditure.

Chairman.

170. (To Mr. Hamilton.) Have you any observation to make upon this subject?—Of course, if the furniture list is to be a list to be relied upon at all, it ought to be an extremely complete one, and if so, I do not know whether it will be worth the trouble that will be involved in making it.

171. Will it involve any further expense?—I am afraid I am no judge of the amount or degree of trouble that it involves.

172. (To Mr. Mitford.) Can you answer that question?—I do not think it will involve any expense; if it is simply what I imagine Mr. Ryan alludes to, that is to say, a rough and ready list of articles of furniture drawn up, and kept by the officers of the department themselves; but if it is to be anything like a list drawn up by experts of the various articles of furniture so specified that they would be recognised by other experts at a moment's notice, then I think it would be an expensive thing.

173. I suppose you would regard the officers of the Comptroller and Auditor General as being to a certain extent experts?—No, I do not think you could; when I speak of an expert I mean somebody who has had a working knowledge of furniture, like a person employed at one of the large furniture establishments, such as Maple's, for instance.

Mr. Arthur O'Connor.

174. That would be for checking the inventory?—Yes, for checking a technical inventory, certainly. All these tables and chairs you see here have each of them a special name in the trade, and those names cannot be known by anybody but people who have a special knowledge of the subject.

175. Do you think you would require for the purpose of checking an inventory which mentioned so many oak tables, the same kind of knowledge that you would require for revising the Woolwich Vocabulary, for instance?—That is a large question. An oak table may be of several different kinds; it may be a Chesterfield table, for example, or it may be any other of the kinds which are known by different denominations in the trade.

176. They are not known in the public offices,

APPROPRIATION ACCOUNTS—Class I.

Vote 7.—Furniture of Public Offices, Great Britain—*continued.*

Mr. Arthur O'Connor—*continued.*

are they?—No, certainly not; that is a reason why I think that lists drawn up by clerks in the public offices would not be so valuable as a list drawn up by technical people would be.

177. The clerks of the works on the premises of the different public offices possess as a rule sufficient technical knowledge, do they not, to say whether an inventory is properly drawn up or not?—The clerks of the works will have nothing to do with it; the clerks of the works have to do with building.

178. Is there not a clerk of the works on the War Office premises who keeps a record of the furniture there?—Not that I know of; I do not know a clerk of the works who keeps a record of furniture.

179. What would be the post that Mr. Criddle used to fill at the War Office when he had charge of the furniture?—He was office-keeper, I think.

180. Would not the office-keepers have sufficient technical knowledge for the purpose?—The office-keepers are generally men who have been private servants, butlers, and so forth, in private establishments, and who have been appointed by Ministers as a sort of reward for long service. They have no technical knowledge of furniture.

181. Yet they are entrusted with the custody of the furniture?—They are entrusted with the custody of it; but they never, so far as I know, are called upon to draw up technical lists of the article of furniture.

182. Could not they draw up a sufficient list to enable themselves to know that the same furniture was in a room when they came to take stock as they themselves had found there 12 months before?—Yes; but if you want to have these elaborate lists of furniture, as a check, you must have some one who could check the office-keeper. I do not mean Mr. Criddle personally, of course, but the corresponding person in any department. If Mr. Criddle, we will say, is responsible for the furniture, and draws up a list, it seems to me that you are having the audit by the gentleman who keeps the money and does everything else connected with it.

Mr. Rylands.

183. The object of the Committee in their recommendation of last year was not to get this extremely technical list of furniture made; but to have such a list as would give the Department a knowledge of the amount of furniture that there was in the different public offices; you see no difficulty in obtaining that, do you?—None whatever; but if you have that, I do not see the utility of it. I bow, of course, to the Committee, but I would venture to point out that you have not got a check against the very person whom you are wishing to check; so it seems to me.

184. Have

24 March 1886.] Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. MITFORD, C.B. [Continued.]

APPROPRIATION ACCOUNTS—Class I.

Vote 7.—Furniture of Public Offices, Great Britain—*continued.*

Mr. Jackson.

184. Have you any reason to suppose that any of the furniture goes out of the public offices?—No, I have always held the contrary view. Too many people would have to be squared, if I may use a rather vulgar expression, before any office-keeper could sell or deal dishonestly with the furniture.

Chairman.

185. (To Mr. Ryan.) Do you wish to make any observation on this subject?—I have no answer to make to Mr. Mitford's statement that the inventory we keep is not a technical inventory; no doubt it is not; but for all practical purposes I think it would be a very great check upon the office-keeper. It is not in the hands of the office-keeper; it is made by one of the clerks in the office, together with the office-keeper, but it is not in his hands. Every article of furniture in each room bears a special number attached to it, from which we can tell at any moment if a chair has been taken out of the room. If it is thought desirable to establish a check against the office-keeper, that appears to me to be a very great check against him; because at any moment the chief clerk can go into the room and say, "Where is that chair? Who has moved it? By what order was it moved?" We do not allow any furniture in our office to be moved from one room to another without the permission of the chief clerk. Therefore I consider that there is a real security provided by our list of furniture, which costs nothing.

Mr. Magniac.

186. (To Mr. Mitford.) Is there any record kept of the furniture which comes in?—Yes; there are bills of all the furniture that comes in.

187. Who is responsible for receiving it?—The office-keeper receives the furniture.

188. He is not an expert you said just now, I think?—He is not an expert; not necessarily, at least.

189. If he is not an expert, and, as you have said, not competent to make an inventory, how can he tell that the proper goods come in which are intended to be paid for, and which are, I suppose, ultimately paid for?—Because they are delivered by our own people, or rather our people see to that. We have got experts under our office.

Mr. Arthur O'Connor.

190. Under the present system, you have nothing to prevent the ordering of half-a-dozen new tables for a certain Department, say Department A., whilst you have a number of old tables which are perfectly serviceable lying unused in Department B.?—I beg your pardon. If a requisition comes in from a Department, one of our men goes there at once to examine into it, and a report is made upon the matter.

191. Then how can you explain to me the fact that in a certain Department tables have been

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APPROPRIATION ACCOUNTS—Class I.

Vote 7.—Furniture of Public Offices, Great Britain—*continued.*

Mr. Arthur O'Connor—*continued.*

lying unused for years, whilst in another Department new tables have in the meantime been ordered and supplied?—If you know that of your own knowledge, of course I cannot contradict it.

192. I do. I have seen the tables, but, as I do not wish it to be identified, I cannot name the Department to you?—I bow, of course, to your statement; but I was not aware of such a case myself. There is a thing which very often happens in Departments which has some bearing upon one remark that has been made before the Committee to-day, and that is as to the transfer of furniture from one room to another. I know perfectly well that it constantly happens in public Departments that there is a very great dislike to parting with a piece of furniture merely because it happens not to actually be in use at a particular moment. Such a case as this frequently happens. A man may say, "It is perfectly true that I am not using this table just now, but I constantly want it, and I cannot part with it." Such an objection is difficult to get over. If the honourable Member means that there are pieces of furniture lying in that way in various rooms in some given Department, which are not used, I should say that I think that is very likely to be the case; but I do not think there can be any store of disused furniture lying in a Department.

Mr. Ritchie.

193. Why do you say that satisfactory inventories of furniture would be costly; is it because it would be necessary to have experts going round to see after them?—What I say would cost money would be the making of such an elaborate technical list of furniture, as was made in certain cases which I specified to the honourable Member last year; those very elaborate and technical lists would certainly be costly to make. On the other hand, if the head clerk, we will say, in any given room, or in every room, of the different Departments in the public service were instructed to tell one of his junior clerks to make a rough and ready list of the furniture in a room, and to hang it up in the room, that is a thing which might be done without any expense whatever; but such a list would not have the same value for purposes of identification as a technical inventory would.

Mr. Magniac.

194. You stated just now that the articles of furniture supplied to the public offices were received by experts?—No; I did not mean to say that they are received by experts; our officers see that the articles which have been delivered are up to the standard.

195. In one case, which is referred to in the Comptroller and Auditor General's Report on this Vote, I see that Messrs. Tyler accepted a sum of 265 l. "in full settlement of their claim (about 1,460 l.) for linoleum supplied to various Departments, against which the Office of Works

had

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Mr. Magniac—*continued.*

had made counter-claims for deficiency in quantity, and inferiority in quality." How could there be a deficiency in quantity, and inferiority in quality, if the goods are examined on delivery by your people?—I think that is a case which you should rather credit the Office of Works for.

196. It is not a question of credit; it is a question of the explanation of it?—If the Committee will permit me, I would rather not go into that case in detail. It led to the dismissal of a certain number of our men.

Mr. Rylands.

197. The matter was mentioned in Parliament, was it not?—Yes.

Mr. Magniac.

198. It bears upon the very point upon which I asked you a question just now; your answer led me to suppose that the existing system is so perfect that the quantity and quality of furniture or other goods, whatever they might be, sent in to the different public offices are ascertained as they would be ascertained by any private buyer; but I gather from what appears in this Report, and from what you now tell me, that a case has occurred in which the system proved to be not quite so perfect?—There were curious circumstances about this particular case. Linoleum is very difficult to examine when it is once laid down, and if we had a sufficient staff of men to attend at every public office whenever a few yards of linoleum or other furniture was being delivered, we should have an Office of Works which these Houses of Parliament would not contain; it would be an enormous affair. In this case the linoleum was laid down, but we discovered it in time; not immediately upon the linoleum being laid, but certain pieces of linoleum having been discovered to be thin, we had a thorough examination made of the whole of it, and that examination led to the dismissal of certain men who were supposed not to have exercised a due supervision in the public interest.

Mr. Arthur O'Connor.

199. Did the first information of it spring from the observation of officers of the Board of Works, or from an intimation which was received from outsiders?—From the Board of Works' officers.

200. Then it was known at the office before public comment was made upon it?—Yes; no public comment was made upon it, I believe, until the dismissal had taken place.

201. Did not certain contractors in Scotland make public their knowledge with regard to it?—Not that I know of. The thing occurred actually in the Office of Works itself; it was in the Office of Works that the discovery was first made, and the matter was first brought to my notice.

APPROPRIATION ACCOUNTS—Class I.

Vote 7.—Furniture of Public Offices, Great Britain—*continued.*

Mr. Magniac.

202. Then a particular office may be charged with furniture, or the cost of it, without having verified the fact that that furniture has been received. Suppose a particular office wants certain furniture, is the receipt of that furniture verified by any one in the office, or is the cost of it charged against these Votes on the mere statement or the certificate of your office?—The furniture is received, as I stated before, by the office-keeper of the Department in which it is wanted; and it is the duty of our people to see that the furniture which has been supplied is of the right pattern and description.

203. I thought you said just now that the office-keeper was not an expert, and was not competent to make an inventory?—I say certainly he is not an expert, and he is not competent to make a technical inventory; but I say also that he receives the furniture just as your servant would receive it in your own house, and we have this check in addition to what there is in a private house, that we have our experts going round continually, and seeing the furniture that has been supplied.

Mr. Rylands.

204. What took place in the case which has been referred to, amounted to this, did it not. The Office of Works had an arrangement which they believed was sufficient to secure the due delivery of the stores charged for; but in this particular case it was discovered by one means or another that what seemed like a fraud had been committed, and that there had not been, in the judgment of the Office of Works, sufficient care on the part of the people who were responsible to protect the public from having apparently received an amount of linoleum which had not been received?—Yes; as regards the amount of linoleum I may say that the incorrectness of the measurement was to some extent a small affair; what we principally had to complain of was the delivery of linoleum of a thin character, instead of a thick character.

205. Of inferior quality?—Yes; and when linoleum is once laid down it is exceedingly difficult to detect that, but it was detected.

206. And then the Office of Works, I understand, at that time dismissed certain officials who were held to be responsible, and the First Commissioner stated in the House of Commons that a certain arrangement would be made which he believed would tend to prevent any such occurrence in the future; was that so?—Yes.

On VOTE 8.

REVENUE DEPARTMENT BUILDINGS,  
GREAT BRITAIN.

Chairman.

207. Have you any special explanation to give as to several items of works which, according to the Report of the Comptroller and Auditor General, were not provided for in the Estimates?—There

24 March 1886.] Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. MITFORD, C.B. [Continued.]

# APPROPRIATION ACCOUNTS—Class I.

Vote 8.—Revenue Department Buildings, Great Britain—*continued.*

*Chairman*—*continued.*

—There are several items. The only explanation is that which is stated in these papers, that they were for the most part very small sums for which no provision was made, and the necessity for which sprang up after the Estimate had been laid before Parliament.

208. With regard to the item "General Post Office, West," were the expenses incurred in that case in connection with an arbitration respecting compensation for injury to the Queen's Hotel?—Yes.

209. And after some difficulty was Treasury sanction obtained for those charges being made?—Yes.

*Mr. Jackson.*

210. (To Mr. Ryan.) What does the Comptroller and Auditor General refer to when he says, "Treasury sanction was obtained after lengthened correspondence." Was there any difficulty about it?—Mr. Mitford will be able to explain the difficulties better than I can; but the fact was so, that the Treasury authority was not given at once.

211. (To Mr. Mitford.) Can you explain what the difficulty was?—They were technical difficulties.

212. (To Mr. Hamilton.) If a lengthened correspondence was necessary in order to obtain the sanction of the Treasury, it would seem to imply that the Treasury raised some difficulty?—I think the Treasury hesitated for some time as to the obligation to make compensation; but there was no difficulty about giving the sanction, I think. I do not know the reason of the delay.

On VOTE 9.

## COUNTY COURT BUILDINGS.

*Chairman.*

213. (To Mr. Mitford.) Do you think that the charge of 3 l. 3 s. for medical attendance on the office-keeper at Nottingham, who had been injured by a fall of coal from the lift, comes properly under Sub-Head D., "Payments to Care-takers"?—I do not quite know where it should come.

214. (To Mr. Ryan.) Do you think that is a proper charge against that Sub-Head?—Strictly speaking, I do not think that the Vote contains any provision to which this sum could be charged at all, but being a very small sum it may have been thought not worth while to obtain an express Vote for it, and therefore the next best course was taken of showing it under a separate Sub-Head.

215. (To Mr. Hamilton.) Have you any remark to make upon it?—I think it would have been considered too small a sum for the opening of a separate Sub-Head. The object in view may be attained by an explanatory note to the Sub-Head to which the item is charged.

216. The only excuse for it is its smallness?—I think that would be the only excuse.

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# APPROPRIATION ACCOUNTS—Class I.

On VOTE 13.

## SURVEYS OF THE UNITED KINGDOM.

*Chairman.*

217. (To Mr. Mitford.) Can you explain what was the loss occasioned by the absconding of an officer to whom an imprest had been made for the payment of wages?—It was a serjeant of engineers who absconded.

218. What was the amount of the imprest that had been made to him?—£. 23. 12 s. 11 d.

219. In consequence of that loss, were instructions given for limiting to the utmost extent the local payments for which such remittances became necessary?—Yes.

220. I observe from the Account of the Land Judges' Court in Ireland that the sums due by them to the Exchequer are still increasing?—That is so.

221. Has every effort been made by your Department to obtain payment?—Yes, every effort has been made by our Department and by the Treasury.

*Mr. Arthur O'Connor.*

222. Can you say whether there is no means of fixing personal responsibility in this matter?—Does the honourable Member mean personal responsibility on the solicitors?

223. On anybody. With whom do you deal in the first instance?—The Director of the Survey deals with the Land Judges Court.

224. You do nothing except through him?—We do nothing except through him.

225. He is in communication with one of the officers of the Court, I presume?—With the judge, I imagine.

226. What is the explanation that he receives with regard to the increasing arrears?—He is in communication with the Court, and with the Treasury Remembrancer.

227. What is the account that they give him of the cause of the increase in the arrears?—I believe that it is very difficult at the present moment for the Court, as for every other person in Ireland, to obtain rents.

228. This is not a question of rents?—No, but it is a question of payments out of estates.

229. This is money due for work and labour done?—For maps.

230. That is work and labour done, is it not?—The explanation which the Director of the Survey gave to us was that the work was being increased, and that there was no money in Court to pay the expenses.

231. Did he ever submit the point that the solicitors concerned were officers of the Court?—No; I do not recollect any such submission.

*Mr. Jackson.*

232. (To Mr. Ryan.) Let me refer you to an answer that you gave on this subject last year. I see you were asked whether you considered this a good debt, and you answered yes?—I answered yes, because the expenses will fall upon the estates, and it is so; that is to say, there is the security of the purchase-money to meet those expenses.

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233. Do

24 March 1886.] Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. MITFORD, C.B. [Continued.]

APPROPRIATION ACCOUNTS—Class I.

Vote 13.—Surveys of the United Kingdom—*continued.*

Mr. Jackson—continued.

233. Do you still hold the same opinion?—I should hold the same opinion. The answer that I gave last year upon this point was: "I think that the recovery of the cost of the maps depends upon the sales of the estates, and that unless the estates are sold more rapidly than they are now, we must expect to have some outstanding debts, having regard to the cost of the maps." At the same time, if an estate is sold, the expenses attending the previous proceedings under the Court, of which this is one, would be deducted from the proceeds of the sale; in that sense it is a good debt.

234. In a subsequent question, Mr. Hibbert asked you, "It is not a loss, is it; it is a good debt?" and you answered, "Exactly so"?—Yes.

235. And although the amount is an accumulating and increasing amount, I suppose we shall obtain the money some day if the estate is ever sold?—Yes; the money will be obtained if the estate is ever sold. Of course, if the thing comes to an end, there may be a loss.

Mr. Arthur O'Connor.

236. (To Mr. Mitford.) Is there any reason why these maps should be supplied unless and until they have been paid for?—That is a question of the procedure of the Court which I am not prepared to answer.

237. It is rather a question with regard to the duty of your officer, the head of the Survey Department; is he bound to supply the maps until they have been paid for?—I have always understood that he is bound to supply them.

Chairman.

238. (To Mr. Hamilton.) Can you explain how that is; is the survey officer of the Office of Works bound to supply these maps?—I believe he is under the order of the Court.

239. Without being paid for them?—Yes, I believe so.

Mr. Jackson.

240. (To Mr. Mitford.) They are supplied to the Court, are they not?—Yes.

Mr. Arthur O'Connor.

241. Or to the parties?—To the Court; the Court gives the order.

Chairman.

242. (To Mr. Hamilton.) Do you regard this as a good debt?—I think it is a good debt.

243. Is any alarm felt at the Treasury with regard to its increase?—No, except that we shall have to stand out of our money for some time, I suppose.

Mr. Rylands.

244. We have had this matter before us for several years, and I understood that the Treasury were putting pressure upon, I suppose, the solicitors

APPROPRIATION ACCOUNTS—Class I.

Vote 13.—Surveys of the United Kingdom—*continued.*

Mr. Rylands—continued.

engaged in these cases in order to obtain payment at an earlier period?—Yes; the Court has done something in that direction quite lately. Only this month the Land Judges have issued an order, "That when a receiver is appointed over land for sale in the court of the Land Judges, he shall, on application from the Director General of the Ordnance Survey of Ireland" \* \* \* \* "pay without any special order any sum due to the Ordnance Department for surveys and maps relating to the premises over which he shall have been appointed receiver." I take it that that order will expedite the recovery of the money.

245. One would expect that that order would have a very material effect in getting the money?—I think it will, and that was the reason why this order was drawn up; the object was to expedite the process.

246. Has it had any effect as yet?—It was only drawn up this month.

Mr. Arthur O'Connor.

247. It only relates to a limited number of estates?—It only relates to those estates over which there is a receiver.

Chairman.

248. May the Committee assume that in the Account for 1885-86 the amount of this debt will be still further increased?—It will be decreased, I hope. The Treasury officer in Dublin has furnished us with the actual arrears, and they are not in reality so great as they appear to be. He distinguishes between the estates with receivers and the estates without receivers; and he says that in the case of the estates with receivers the balance outstanding and recoverable by the Survey Department is 5,698 *l.* 16 *s.* 11 *d.*, and the Ordnance Department have furnished accounts to the extent of 1,509 *l.* 2 *s.* 5 *d.* only out of that amount, and they have not furnished accounts to the extent of 2,757 *l.* 3 *s.* 6 *d.*, so that the amount in arrear is really only 1,432 *l.* 11 *s.* That is on account of estates with receivers. On the estates without receivers he says that the sum actually in arrear (that is to say, reckoning the accounts that have not been rendered) is 2,549 *l.* 11 *s.* 8 *d.*, and adding to that the 1,432 *l.* 11 *s.* 6 *d.* in arrear upon the estates with receivers the total arrear is 3,982 *l.* 2 *s.* 8 *d.* at the present time, as against 5,648 *l.* 19 *s.* 3 *d.* in April 1885, and a still larger sum in August 1883; therefore there is a decided reduction.

Mr. Jackson.

249. Are you not now making a distinction between amounts owing and amounts in arrear?—I am speaking of amounts in arrear.

250. Are you taking those amounts only as being in arrear for which application has been made?—Yes.

Mr. Ritchie.

251. (To Mr. Mitford.) How does it happen that we find here under Vote 4, "Surveys of the United

24 March 1886.] Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. MITFORD, C.B. [Continued.]

# APPROPRIATION ACCOUNTS—Class I.

## Vote 13.—Surveys of the United Kingdom—*continued.*

Mr. Ritchie—continued.

United Kingdom," a sum of 52 *l.* 11 *s.* 8 *d.* for photographs of Jerusalem; you will see that at page 46?—It was done under the sanction of the Treasury.

252. But the Vote was for Surveys of the United Kingdom?—Yes; this work was done by the Survey Department, it is one of their publications, just as much as the ancient Saxon manuscripts and similar publications were, which have really nothing to do with the surveys of the United Kingdom.

## On VOTE 14.

### SCIENCE AND ART DEPARTMENT BUILDINGS.

Chairman.

253. I see there is an expenditure shown here again for work not provided for in the Estimate; ought not the money for the services on which no payment is made in one year to be re-voted in the succeeding year?—We cannot always tell when the Estimates are being framed that the expenditure of the money will not have been complete at the end of the financial year; that is what prevents us from doing it.

254. Then if you were aware that a particular service would not come in course of payment in one year you would get it re-voted?—Certainly. We prepare our Estimates in October and November, and the final payments for the year previous to that to which the Estimates relate are not made until the March following. It is impossible for us in October and November to foresee every payment that will or will not be made before the end of March.

Mr. Rylands.

255. I suppose, in fact, it comes to this, that the erection of the Art Library, and the tiling of the floors of the rooms to be vacated by the Art Library, were two items of expenditure which in the previous year you supposed you would have incurred?—Yes, we supposed that we should have finished and completed all the payments for them.

256. You expected to have done so before the end of the financial year?—Yes; when we were preparing our Estimates in October and November, we thought that by the 31st of March following the work would all have been done, and the bills for it paid; but it was not all done.

257. This sum forms part of the surplus surrendered at the close of the previous financial year?—It corresponds with that.

258. You did not take another Vote for it, but out of the savings on other Votes you paid for these services?—Yes, with Treasury sanction.

259. Without taking a Vote again?—Yes; that will necessarily occur from time to time.

0.69.

# APPROPRIATION ACCOUNTS—Class I.

## On VOTE 15.

### BRITISH MUSEUM BUILDINGS.

Chairman.

260. (To Mr. Ryan.) Does not this Vote contain charges in respect of the preceding year 1883-84, the payment of which had been postponed in order to avoid an excess on the grant for that year?—Yes.

261. Have you dealt with that subject fully in the Report on a subsequent Vote?—Yes, on Vote 35 in Class II.

Mr. Arthur O'Connor.

262. How is it that an observation on the matter did not appear in the Comptroller and Auditor General's Report of last year?—My only answer to that is that it was *per incuriam*; it ought to have appeared.

263. That was not the answer that I expected; what I wanted to elicit was this, whether it may not often happen that charges are postponed to a subsequent financial year, without there being anything at all to show the auditors that the liability is being held over?—No doubt it may. The reason why I gave that answer was that last year, upon the face of the Account, there was a statement admitting that a payment had been postponed, and therefore we ought to have noticed it in our Report.

## On VOTE 22.

### PUBLIC BUILDINGS, IRELAND.

Chairman.

264. (To Mr. Hamilton.) Can you answer questions upon this Vote?—I will endeavour to do so to the best of my ability, but, of course, I am not the accounting officer for the Vote.

The Vote was postponed.

Vote 23 was postponed.

## On VOTE 26.

### DIPLOMATIC AND CONSULAR BUILDINGS.

Chairman.

265. I see there is a charge for a service for which grants had been made in previous years, but for which no provision had been made in the Estimate for 1884-85. I suppose the explanation of that is the same as that which has been already given by Mr. Mitford on other Votes?—Yes.

266. It was not foreseen that it would not come in course of payment in the previous year?—That is so.

Mr. Arthur O'Connor.

267. (To Mr. Mitford.) Can you give anything like an approximate notion of the period within which, upon any Embassy or Legation building

B

24 March 1886.] Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. MITFORD, C.B. [Continued.]

APPROPRIATION ACCOUNTS—Class I.

Vote 26.—Diplomatic and Consular Buildings—*continued.*

Mr. Arthur O'Connor—*continued.*

building on the continent of Europe or elsewhere abroad, it is necessary to expend practically the whole value of the house in altering or rebuilding it; do you think that every 15 years sees the whole value of the building re-expended?—I do not quite follow that question.

268. I will take this case: 71,000 £. appears to have been expended for the Berlin new Embassy House alone?—That is for the purchase; it is the first time such an item has appeared. We had just purchased that building, and then we had to furnish it, and to put it into thorough repair for a new Ambassador.

269. The coming in of a new Ambassador always involves considerable further expenditure, does it?—Yes, for furniture.

270. And for alterations?—It is not only for furniture. You have to paint and re-paper generally. If an outgoing Ambassador takes his pictures down, and leaves an ugly blot upon the wall, you have to re-paper or re-paint, as the case may be.

Mr. Rylands.

271. The amount of this Estimate at the beginning of the year was 66,000 £. for the Embassy House at Berlin, but the expenditure jumped up in the course of the year to 70,074 £.; that is an addition of over 4,000 £.; can you explain that?—Yes; I think I can explain it to your satisfaction. At one time when the purchase was first contemplated, Lord Ampthill was Ambassador at Berlin. He unfortunately died, and his successor was appointed. Lord Ampthill had his own furniture, and he would, no doubt, have put us to no expense whatever upon the score of furniture; but when he died, we had to furnish under the new Regulations, or rather under the existing Regulations, which are now of some years' standing, applying to Legation Houses. According to those Regulations we furnish the State Rooms and Offices, and the Ambassador or Minister himself furnishes the bedrooms. Under those Regulations the furnishing of the Embassy House at Berlin came upon us, and when we had purchased it, and the new Ambassador came, he desired to have certain sanitary works and alterations carried out. And, furthermore, there was the normal expenditure which takes place on a change of occupation, when you have to re-paint and re-paper.

272. I understand you to say that, in the first instance, a great part of the furniture of the new house was furniture belonging to Lord Ampthill?—It all belonged to him; we did nothing for him.

273. He died, and it was in consequence of his death, which, of course, was unexpected, that this additional charge came upon the Department?—That is so.

Mr. Fowler.

274. He never moved into the new house, did he?—Yes, he did, and lived there for years.

APPROPRIATION ACCOUNTS—Class I.

Vote 26.—Diplomatic and Consular Buildings—*continued.*

Mr. Arthur O'Connor.

275. If he lived there for years, how it is that this charge occurs for the purchase of a new Embassy House?—Because we hired the house up to that time, and then purchased the same house. On Lord Ampthill's recommendation, backed by the advice of the German Ambassador here, we purchased the house. We should have lost it otherwise.

Mr. Rylands.

276. Then, in point of fact, though we are paying now for the purchase of the house, as far as the furniture is concerned, it is a continuous arrangement?—It is continuous arrangement now.

277. Can you tell me this: When an Ambassador applies to the Board of Works for an additional supply of furniture, or for any sanitary improvements which occasion expense, what steps do the Board of Works take to secure that only such things are supplied or done as may be absolutely necessary?—If the requisition is one of sufficient magnitude, we have got a surveyor specially appointed to travel about these embassy and legation houses, and we send him out to investigate it. If it is a trifling matter we decide the question upon its merits at the office.

278. Would this be a sufficiently large matter to justify the sending out of the officer of the Board of Works?—Yes, certainly.

Mr. Arthur O'Connor.

279. And to Bangkok also?—No; we have a branch office at Shanghai, and the agent there would go and look at any important work that was to be done, or was being done, at Bangkok.

[Mr. Mitford withdrew.]

CLASS II.—ON VOTE 1.

HOUSE OF LORDS OFFICES.

Chairman.

280. (To Mr. Ryan.) Will you explain why the sum of 1,558 £. 15 s. 10 d. was deducted from the Extra Receipts for the year 1884-85 before they were paid over to the Exchequer?—That sum was deducted in order to make good the difference between the amount of the interest upon the Invested Fee Fund of the House of Lords, and the amount of the superannuations charged upon it. When the arrangement was made by which the House of Lords consented to the payment of their fees into the Exchequer, they made a reservation on behalf of the superannuation fund of their officers that the fee fund should be annually taxed any amount that was necessary to provide those superannuations.

281. Will there be an amount to be deducted from the Extra Receipts annually in consequence of that arrangement?—Whatever amount is necessary to make up the difference between the interest on the Invested Fee Fund, and the amount of the superannuations will be so deducted.

282. Is

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Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

Vote 1.—House of Lords Offices—*continued.**Mr. Jackson.*

282. Is the amount shown as the cost of the House of Lords Offices the correct amount of the total cost of the service this year?—Yes, it has been revised this year in order to meet the point which was raised with regard to it last year.

283. That was the question which I was going to ask you, whether you had borne in mind and carried out the recommendation of the Committee of Public Accounts last year, that the gross expenditure under this head should be more clearly defined?—Yes, we have, to the best of our ability.

On VOTE 5.

## FOREIGN OFFICE.

*Chairman.*

284. Why does not the amount shown for Telegraph expenses under Sub-head D. show the whole expenditure for telegrams?—I would rather that that question should be asked of the Foreign Office; we merely state the matter as one of fact.

285. (To Mr. Hamilton.) Can you explain it?—Only the cost of outward telegrams is, I believe, generally speaking, charged to this Vote, and the cost of inward telegrams which are, of course, paid for abroad, would go with the expenses of the Foreign Embassies or Consular Establishments.

*Mr. Jackson.*

286. As you are no doubt aware, it was stated, in answer to a question raised in the House, that there is a return made separating the cost of the telegrams?—I was not aware of that; I should think it might be met perfectly well by putting a note stating what the cost of the inward telegrams coming from abroad is.

The Vote was postponed.

On Vote 8.

## PRIVY SEAL OFFICE.

*Chairman.*

287. Who is the accounting officer for this Vote?—There is no accounting officer now; the office is abolished.

288. I see amongst the expenditure charged upon this Vote there is a charge of 123 l. 4 s. 3 d. made for the salary of an official of the Privy Seal Office during a period when he was in prison, from the 18th of June to the 15th of November, upon a charge of forgery, to which he afterwards pleaded guilty?—Yes.

289. Is it not extremely irregular to pay the salary of an official while he is in prison?—I should say decidedly so.

290. Was any sanction given by the Treasury to that payment?—The proceedings were not

0.69.

## APPROPRIATION ACCOUNTS—Class II.

Vote 8.—Privy Seal Office—*continued.**Chairman—continued.*

reported to the Treasury until a subsequent stage. The Treasury condoned the act afterwards by passing it practically. They had nobody whom they could recover it from.

*Mr. Jackson.*

291. The office being no longer in existence?—Yes.

*Mr. Arthur O'Connor.*

292. Is Mr. English pensioned?—Yes; Mr. English is on pension.

*Mr. Rylands.*

293. (To Mr. Ryan.) Under these circumstances, you consider that the surplus to be surrendered should be 447 l. 3 s. 5 d.?—Yes; that is to say, we consider that the sum of 123 l. 4 s. 3 d. is not properly chargeable to the grant.

294. And, therefore, you have not passed it, and it is not passed by the Treasury or any one else?—I think if you look at the Treasury letter on page 110, towards the close of it, you will see that the Treasury have passed it, because they say, "Under the circumstances, my Lords are content that the accounting officer should be discharged; you will judge how far the case requires to be noticed in your Report." That is an acquittance so far as the accounting officer is concerned, as far as the Treasury are able to give it; at all events I read it so.

295. What letter is that?—It is the letter from the Treasury of the 11th of February 1885. We communicated with the Treasury on the subject, and that was the answer.

*Chairman.*

296. (To Mr. Hamilton.) It is not the practice in the public service that when an officer in the public service is in prison his salary should be suspended until the result of the trial for which he is imprisoned is known?—I think that would be the proper course to take in such circumstances, but I am not aware of any similar case.

297. Is it the general practice of the service that if his trial results in his condemnation for the offence with which he is charged, his salary should cease from the time when he was put into prison?—The Treasury would, I think, agree in this view, though it can hardly be said that any practice has been so established.

298. May the Committee take it that in this case the payment of salary to that officer is entirely contrary to the practice of the Civil Service?—The payment, I think, ought certainly not to have been made; but no rule can be assumed to have been laid down.

*Mr. Arthur O'Connor.*

299. Why did not the Treasury require a refund from the accounting officer?—I think it was on account of extenuating circumstances.

300. Why did the Treasury adopt in this case a very different system, or a different standard, from that which they adopted in the case of Sir Theophilus Shepstone, when he was

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Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

## Vote 8.—Privy Seal Office—continued.

Mr. Arthur O'Connor—continued.

on pension?—I am not aware of the particulars of that case; but I believe it was a very much larger sum in question.

Mr. Rylands.

301. This is the second case in which we have had the question of amount brought up as affecting the action of the Treasury. In certain respects no doubt that is right enough; but in this letter the Treasury condemn Mr. English very strongly, and they say, "Even upon the assumption that the plea of guilty was not put in until the trial, my Lords think that the accounting officer should not have acted without express instructions from the head of his Department"—Yes.

302. Do you not think that under those circumstances, in view of the protection of public interests, the Treasury might very well have withheld their condonation in fact?—I do not think certainly that the amount ought to come into the question as a rule; but I think that there were particular circumstances in this case, one of which was that the accounting officer was pensioned immediately after this happened; he was not on full salary when the question was under consideration.

303. Was not he in the active exercise of his functions at the time when this unfortunate event occurred?—The honourable Member is referring to the accounting officer. Certainly, when he paid the salary, he was acting under the instructions of Lord Carlingford at the time.

Chairman.

304. Did he pay the salary without authority from the Treasury?—Yes; he paid the salary without the authority of the Treasury, but under the authority of Lord Carlingford.

Mr. Rylands.

305. I see that in the next letter Mr. English justifies his action, by saying that he had had the authority of Lord Carlingford?—Yes, he having been the head of his office at the time.

306. Lord Carlingford having given Mr. English the authority, I suppose if any body has to pay back this money, we should have to come upon Lord Carlingford?—I suppose he is primarily responsible.

Mr. Arthur O'Connor.

307. Is there any reason why you should not come upon him?—The Treasury have said, "Under the circumstances, my Lords are content that the accounting officer should be discharged."

Mr. Jackson.

308. There is no evidence in this correspondence that Lord Carlingford was ever communicated with by the Treasury?—No. The ac-

## APPROPRIATION ACCOUNTS—Class II.

## Vote 8.—Privy Seal Office—continued.

Mr. Jackson—continued.

counting officer is the only person, I believe, upon whom, the Treasury could come.

309. When he throws his responsibility back?—I think that is sheltering himself behind somebody, behind whom he ought not to shelter himself.

Mr. Arthur O'Connor.

310. In this Treasury letter of the 11th of February 1885, it is set forth, "The Lord Privy Seal is not subordinate to this Board as regards the discipline of his Department," which imports that he takes his responsibility, does it not?—Not as accounting for the money, I think.

311. If he directs or authorises a payment, is he not responsible for it?—I think the accounting officer is the only person who can be held actually responsible for the money by the Treasury.

312. You say, then, that the Treasury, having no concern with the interior discipline of a Department, will yet hold an accounting officer responsible for an irregular issue of pay to a person who is, in breach of discipline, inside a prison instead of being in his office?—Yes.

313. Even though that accounting officer be acting under the orders of the chief of his Department?—I think so. The accounting officer ought, of course, to have stated the circumstances to the Treasury.

Mr. Jackson.

314. Before paying, or after?—There is a Treasury Minute which warns accounting officers that they cannot shelter themselves behind the heads of their Departments.

Mr. Ritchie.

315. Could the accounting officer apply to the Treasury without the sanction of, or without applying first to, the head of his Department?—He would certainly acquaint the head of his Department with the facts.

316. And if the head of the Department took the responsibility of authorising the payment he could not well go beyond that, could he?—I think he would be bound to report it to the Treasury, because he is individually held liable.

Mr. Arthur O'Connor.

317. In view of that Minute which you have just referred to, why did the Treasury allow this accounting officer to shelter himself behind the head of his Department?—I do not think they condoned this, or discharged this accounting officer upon the ground that he had sheltered himself behind the Lord Privy Seal.

318. Not in those terms, but I thought that was the consideration which led them to regard this case as attended with extenuating circumstances?—No, I think it was not on that ground. I think it was more on the ground of compassion than anything else.

319. Looking

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Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

Vote 8.—Privy Seal Office—*continued.*

Mr. Rylands.

319. Looking to the correspondence, is it not a fact that the Treasury had come to the conclusion to discharge Mr. English on the 11th of February, and that they did not receive from Mr. English his explanation with regard to Lord Carlingford until the 25th of February; therefore you are quite consistent with the dates; now, in saying that, the statement made by Mr. English as to Lord Carlingford's interference would not, in the judgment of the Treasury, be an excuse for him?—Yes, it would not.

320. The Treasury put the discharge of Mr. English simply on the ground that under the peculiar circumstances, especially the fact that the time when he was discharging these functions was just prior to his being pensioned, they thought they might very naturally overlook what had occurred; is that the fact?—I think the Treasury took into review the whole circumstances of the case, and I think there was a certain amount of compassionate consideration about it; I think they determined the question more upon that ground than upon any other.

321. They regarded it simply as a compassionate allowance?—I do not say that they regarded it simply as a compassionate allowance.

Chairman.

322. Would the Treasury consider themselves justified in allowing themselves to be moved by compassion in their control of the public purse?—No, I think that is a dangerous principle. I quite admit that.

323. Do you think that this sum is irrecoverable?—I think that when the Treasury has practically condoned what the accounting officer has done, it would be rather awkward to go behind that and make a claim now upon the accounting officer, who is no longer in the public service.

324. (To Mr. Ryan.) Have you any observation to make upon this matter?—I think the Comptroller and Auditor General's view has never been that which has just been stated as being the view of the Treasury, namely, that the accounting officer is the only person who is responsible, and that he is the only person against whom proceedings can be taken, although he may be acting under the direct orders of his chief. The view of the Comptroller and Auditor General has been that Parliament grants the money to the head of a Department that he employs for the purpose of distributing that money, the accounting officer, who has to be appointed with the consent and knowledge of the Treasury, but that the head of the Department is responsible for every act of his, whatever that act may be, whether it be one leading to pecuniary consequences or not. The view of the Comptroller and Auditor General would be that the Treasury are not competent to discharge an accounting officer in a case in which a payment which is clearly irregular has been made, on the ground only that the accounting officer had acted in accordance with the views of the chief

0.69.

## APPROPRIATION ACCOUNTS—Class II.

Vote 8.—Privy Seal Office—*continued.*Chairman—*continued.*

of his Department, and that if a payment has been improperly made, responsibility for that payment lies at the door of the chief of the Department who authorised it.

325. In fact, is it your opinion that the sum is not legally chargeable against the Vote at all, and that it could now be recovered from Lord Carlingford?—Yes, certainly.

Mr. Fowler.

326. Do you hold that the Home Secretary is responsible for all the payments which are made under the Home Office?—Yes. Of course, if he does not direct a payment, and if it is made without his knowledge or sanction, that would be another thing.

327. I refer to payments made in the ordinary course of the working of the office, in which, as you know, many payments never do come to the knowledge of the head of the Department?—But this particular payment did come to the knowledge of the head of the Department.

328. I was referring to the general rule which you were laying down in opposition to what Mr. Hamilton has said; it seems to me that that general rule, in the terms in which you have stated it, will carry you a very long journey if the chief of a Department is to be held responsible for all payments made by the accounting officer in the discharge of his duty?—I did not mean my answer to go to that extent.

Mr. Rylands.

329. You assume that in this case Mr. English's statement may be taken as accurate; that the several payments that he made to the person in question, as part of his salary, were all made under the express instructions of Lord Carlingford?—As a matter of fact, I know that Mr. English had written instructions from Lord Carlingford to make them.

330. The truth is, that this defaulter, or this man who was put in prison, was Lord Carlingford's private secretary as well as a clerk in the office?—Yes.

Chairman.

331. What would be the effect if this Committee reported to the House of Commons that this was an illegal or irregular charge, and that the sum was not properly chargeable against the Vote?—In the first instance, I suppose the loss would fall upon the accounting officer; it would be charged against him. In the discharge given by the Comptroller and Auditor General at the close of his examination of the account this sum remains charged against him as a balance due by him.

Mr. Arthur O'Connor.

332. Let me put an analogous case. The colonel of a regiment orders the paymaster, who is the accounting officer, to issue a certain sum a lodging

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Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

Vote 8.—Privy Seal Office—*continued.*Mr. Arthur O'Connor—*continued.*

lodging allowance on the West Coast of Africa which is of questionable legality. However, the paymaster issues it, and then retires from the service. Do you mean to say that if the War Office were obliged to disallow the irregular lodging allowance, they could not call upon the colonel to refund it, but that they could disallow

## APPROPRIATION ACCOUNTS—Class II.

Vote 8.—Privy Seal Office—*continued.*Mr. Arthur O'Connor—*continued.*

it only as against the paymaster?—That would be a question for the War Office. I do not know how they would deal with it.

333. How would the Comptroller and Auditor General regard it?—The Comptroller and Auditor General would in that case be dealing with the Accountant General of the Army.

## On VOTE 9.

## BOARD OF TRADE.

Mr. ALLEN STONEHAM, called in; and Examined.

Chairman.

334. (To Mr. Stoneham.) THERE was a question pending, when the Report of the Comptroller and Auditor General was made on this Vote, respecting 18*l.*; has that question yet been decided?—The Treasury have given directions to rectify the error on the account for the year 1885–86, and that has been done.

335. Has any Act yet been obtained for legalising the payment of the engineer examination fees to the Mercantile Marine Fund?—Mr. Acland has undertaken to introduce a Bill for the purpose during the present Session.

Mr. Jackson.

336. But he undertook to introduce one last Session, did he not?—He was not then in office, and the Dissolution, of course, interfered with all sorts of good intentions.

Chairman.

337. Was there a Bill prepared to be introduced last Session?—Sections were prepared to be introduced into a Bill; they were all in print.

## On VOTE 10.

## BANKRUPTCY DEPARTMENT OF THE BOARD OF TRADE.

Chairman.

338. Has Treasury authority yet been received for the excess of 5,047*l.* 13*s.* 6*d.* on Sub-Head E. being met out of savings on other sub-heads?—Yes, and it has been sent on to the Comptroller and Auditor General.

339. Has the temporary employment of the Chief Official Receiver yet been gazetted into Schedule B. of the Order in Council?—No; nor have the other appointments referred to in this paragraph been so gazetted. The fact is, that an inquiry is now proceeding into the establishment of the Chief Official Receiver, and also into the method of remuneration to the country official receivers; and although apparently there is no objection to the officers being gazetted into Schedule B., it appears to be the concurrent view of the Treasury, and of the Board of Trade, that the act of gazetting them should be deferred until this inquiry is complete.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*Chairman—*continued.*

340. Is it necessary to employ these officers before the issue of Civil Service certificates?—As a matter of fact, I think it was not understood at the time when these officers were originally employed, that a Civil Service certificate was necessary, and it is not quite clear that it is absolutely necessary now. I gather from the correspondence that that is the view of the Treasury.

341. Am I right in understanding that your remark applies also to the clerks to the Chief Official Receiver?—Yes.

342. It is the fact, is it not, that none of them hold any Civil Service certificate at present?—There are some clerks in his office who do hold Civil Service certificates, but they were officials who were taken over from the old Bankruptcy Court. I believe that that was the case with the whole of them. There are others who have been engaged by him for their special knowledge of bankruptcy work, or accounting, or other technical knowledge, who do not hold Civil Service certificates, and who are paid out of a lump sum that is granted to him for clerical assistance.

343. I understand that there is still correspondence going on with the Treasury upon this subject?—Yes, upon the general subject of the arrangements of the office, involving this also.

344. Is that correspondence in such a state that it can be laid before the Committee of Public Accounts?—No, I think not; or rather, what is pending is the Report of a Departmental Committee, inquiring into certain arrangements in connection with the establishment of the Chief Official Receiver, and the remuneration of the various officers.

345. Will the Board of Trade take steps at any rate to put an end to any irregularity which may be found to exist?—Yes, certainly, if irregularity exists.

346. Has the excess on the allowance of 1,100*l.*, granted to the Bankruptcy Solicitor, yet received the Treasury sanction?—I should say generally, yes, because it is included in the excess of 4,336*l.* 13*s.* 8*d.* on Sub-Head B. But this Report, I believe, was the first intimation we received that the Comptroller and Auditor General

24 March 1886.] Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. STONEHAM. [Continued.]

## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*

*Chairman—continued.*

General thought it necessary that a special sanction of the Treasury should be obtained, and an application has been made to the Treasury since this Report was published.

347. By whom are the Accounts which are rendered to the Board of Trade under Section 74 of the Act of 1883 examined?—There are several such accounts; I do not know which sub-section is referred to. Perhaps I may say that Section 78 provides that the Accounts of the Trustees shall be audited by the Board of Trade, and that the Board of Trade Accounts, by Section 130, Sub-section 2, shall be audited in such manner as the Treasury direct. The audit of the Vote Account is necessarily provided for by the Exchequer and Audit Department Act.

348. The question is, in what way is the audit of these Accounts provided for by the Board of Trade?—They are audited by the Inspector General.

349. Does he furnish certificates to the Comptroller and Auditor General that he has so audited them?—He has done so.

*Mr. Arthur O'Connor.*

350. Does the Inspector General audit any of the Accounts of the Official Receiver?—Yes.

351. Does he audit what are called the High Court Bankruptcy Accounts?—Yes.

352. For what period?—During the whole of the period.

*Chairman.*

353. Is this the section to which you refer: "The Board of Trade shall cause the Accounts so sent to be audited, and for the purposes of the audit the Trustees shall furnish the Board with such vouchers and information as the Board may require, and the Board may at any time require the production of and inspect any books or accounts kept by the Trustee"?—Yes.

354. Does the Treasury authorise expenses shown in the County Official Receiver's Account of disbursements as chargeable by them against the Vote?—No, I think not, unless special circumstances arise.

355. In a case in which the bankrupt's estate affords no assets from which the expenditure can be defrayed, do they authorise it?—Those expenses are temporarily charged to the Estate Account, in the hope, or supposition, that possibly assets may be realised. When that Estate Account is wound up, and it is ascertained that nothing further can be obtained, the expenditure would necessarily be submitted to the Treasury, and authority obtained for a charge being made against the Vote in respect of it.

356. (To Mr. Hamilton.) Is the question of the audit to be applied to the Bankruptcy Estates Account, under Section 130 of the Act of 1883, now under consideration?—Yes, it is at present under consideration.

357. No decision has yet been arrived at?—No, not at present.

358. (To Mr. Stoneham.) Are the fees charged 0.69.

## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*

*Chairman—continued.*

to the bankrupt's estates which are credited in the Board of Trade cash accounts, paid over to the Treasury?—Perhaps I may explain it in this way; at the end of each month the Official Receivers send in general accounts current, including a statement of fees chargeable against various bankrupt estates, and the Board of Trade thereupon charge the Estates and Credit a Fees Interim Account. These are merely book entries, but they have the effect of withdrawing the amounts from the separate Bankrupt Estates, and so of protecting the Board of Trade from paying out a larger sum than is due upon any particular estate. When the accounts of receipts and payments in connection with particular estates are received by the Inspector General some months later, the fees previously charged to these estates are verified by him, and the corresponding amounts removed from the interim account to a final account of bankruptcy fees, on his certificate; strictly speaking, the Treasury should only be paid fees credited to the final account, for such fees are alone known to be correct, but this course would lead to the accumulation of large sums of money in the hands of the Board of Trade. To avoid this, advances on account are paid to the Treasury upon the information contained in the interim account, and the balance left is the amount (subject to verification) payable to the Treasury.

359. I wish to call your attention to Sub-Head F., Law Charges. The Report states that "this Sub-Head includes a payment of 19*l.* 2*s.* 8*d.* on account of solicitor's costs, which were in the first instance charged to the estate by order of the court"; does not that payment relieve the estate from a charge which now falls upon the Vote, of 19*l.* 2*s.* 8*d.*?—Yes.

360. Is that in your opinion in accordance with the provisions of the Act of Parliament?—The General Rule 104, Sub-section 2, requires the estate to be charged.

361. Is that a rule made by the Board of Trade?—By the Lord Chancellor, with the concurrence of the Board of Trade.

362. Made under the authority of the Act?—Yes.

363. Is this the rule to which you refer: "The solicitor, accountant, auctioneer, manager, or other person whose bill is directed to be reviewed shall have notice of the time appointed for such review, and the costs of his appearance thereat shall be allowed to him out of the estate unless the court otherwise orders"?—Yes.

364. In this case had the court made an order that the payment of 19*l.* 2*s.* 8*d.* should be allowed to the solicitor?—The court had ordered that it should be a charge against the estate.

365. That it should be allowed to the solicitor out of the estate?—Yes, I believe so.

366. (To Mr. Ryan.) Have you any observation to make upon this payment?—The ground upon which this sum was allowed by the Board of Trade has been explained to the Comptroller and Auditor General since his Report was made.

24 March 1886.] Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. STONEHAM. [Continued.]

APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*

*Chairman*—*continued.*

The Committee will observe that it is stated in the Report, "I have received no reply from the Board of Trade to my letter in which I explained the grounds of my objection to this charge." Since then the Board of Trade have transmitted a memorandum from their solicitor, which I have here. It is rather a long one, but the only part with which I need trouble the Committee probably is this, that the Board of Trade plead that they charged this sum to the Vote instead of allowing it to fall upon the estate, really because of the misconduct of the registrar. With regard to the costs they state here, "The Board of Trade thereupon took what was in their opinion the only reasonable course in the circumstances. They elected to bear the burden of these expenses themselves, and to send a statement as to the conduct of the registrar to the Lord Chancellor. According to the strict and liberal interpretation of the rule, these costs should come out of the estate, but at the time that rule was drawn it was not anticipated that expense would be forced on creditors by the misconduct of officers of the court, or that such a peculiar state of circumstances as are set out above would occur; and it is submitted that an adherence to the letter of the rule would have caused a flagrant injustice to an individual body of creditors, and that it was impossible for a public department having the management of an Act of this description, not only to mulct an individual estate in order to establish a principle, but to leave such estate to bear an exorbitant charge, which was only allowed to pass unchallenged owing to the deadlock brought about by the action of the registrar." The only observation I have to make upon that is, that it is not within the strict letter of the rules regulating our action, to allow a charge upon a Vote, simply because a public officer has misconducted himself.

Mr. Arthur O'Connor.

367. (To Mr. Stoneham.) The public officer not being paid out of the particular Vote?—That is so.

Mr. Rylands.

368. What has become of that registrar?—I believe he is still acting.

*Chairman.*

369. What was the nature of his misconduct?—I am not sufficiently acquainted with the bankruptcy proceedings to say.

Mr. Arthur O'Connor.

370. (To Mr. Ryan.) Does that appear from the correspondence?—I think it appears from the memorandum sent to us by the Board of Trade.

*Chairman.*

371. Then will you read the earlier part of that memorandum?—I may state that the memorandum was transmitted to us in the letter of the 16th February, in which the Board of Trade

APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*

*Chairman*—*continued.*

state that it "has been drawn up in the Solicitor's Department, and has the approval of this Board, setting forth the circumstances under which the Board considered the Votes should be charged with the expenditure, instead of the bankrupt's estate in connection with which the question arose." The memorandum is this: "This case was one in which the registrar of the county court had allowed costs on what the Board of Trade considered an extravagant scale: they consequently required a review under Rule 104. This review was considered to be the proper course in the interests of the estate (although, in the events which happened, and which it was quite impossible to foresee, it turned out to be injurious); it was not only proper, but practically necessary in the interest of the public generally, as such a system of taxation, if permitted to go on unnoticed, would have been a gross injustice to creditors, and have seriously affected the working of the Act in that district. The events that followed placed the Board of Trade in a serious dilemma. These costs were taxed and greatly reduced; the costs of such taxation would, in the ordinary course, have very properly come out of the estate, but the other side brought in another bill, for the cost of their attendance, which was allowed at 19 l. by the registrar. This amount was again considered most exorbitant, and would probably have been reduced to something like 6 l. on review. But the registrar having taken up a distinctly hostile position and practically leagued himself with the other party, it was obviously useless to go on reviewing, only to find a new set of costs for attendance or such review allowed at an exorbitant rate by the registrar, and thus proceed in a vicious circle until the estate was exhausted. At the same time it was an obvious hardship, as the trustee of the estate very properly pointed out, that that estate should have to bear the burden of costs incurred to benefit the general public more than the particular estate, and both incurred and allowed to remain unchallenged, owing to what was, in the opinion of the Board of Trade, the misconduct of an officer of the court."

Mr. Jackson.

372. What is the date of your letter to which that is an answer?—The 2nd of December 1885.

373. (To Mr. Stoneham.) There was a considerable delay apparently in replying to that letter?—I should explain that the solicitor has been very ill, and the delay arose in consequence of his illness.

374. The letter does not appear even to have been acknowledged in the meantime?—That is true; but I believe the letter was referred to the solicitor to know what answer should be sent to it.

Mr. Arthur O'Connor.

375. Was it the solicitor who advised the application to review the taxation?—I think I may say

24 March 1886.] Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. STONEHAM. [Continued.]

APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—continued.

Mr. Arthur O'Connor—continued.

say yes, but not the solicitor alone. The solicitor would be consulted. I think the whole Department would be involved in that decision.

Mr. Jackson.

376. I want to ask you about this Sub-Head B. It appears to me that there is rather an important question raised with regard to none of these clerks holding Civil Service certificates; is it the opinion of the Board of Trade that they may override what is supposed to be the general rule on that subject?—I do not think the Board of Trade have any such opinion.

377. Is it their practice, if it is not their opinion?—No, I think not. May I read a letter from the Treasury upon that subject? It is signed by Sir Reginald Welby.

Chairman.

378. Did you not tell me that the correspondence with the Treasury as to the want of Civil Service certificates could not be put in at present?—I thought you referred to the Report of the Departmental Committee. I misunderstood you. That correspondence can be put in, certainly.

379. Perhaps you will read now the letter which you were proposing to read?—It is dated the 19th of November: "The Lords Commissioners of Her Majesty's Treasury have had under their consideration your letter of the 26th ultimo, stating that the Comptroller and Auditor General had called attention to the official position of the officers and clerks employed in the Department of the Chief Official Receiver, and pointing out that a similar question will arise as regards the staff paid out of the allowance assigned to the salaried official receivers in the provinces. My Lords are quite alive to the objections to any organisation which should permanently leave in the hands of the head of the Department the large amount of patronage now exercised by the Chief Official Receiver; but it appears open to some question whether the arrangements sanctioned after very full considerations, so recently as January last, have lasted long enough to indicate with any certainty the numbers, classification, and remuneration required for the future conduct of the business of a department organised on the ordinary lines of the permanent Civil Service. For this reason my Lords are inclined to share what they gather to be the opinion of the Lords of the Committee, namely, that apart from the considerations raised by the query of the Comptroller and Auditor General, the present arrangements might with advantage be allowed to remain in force some time longer, possibly until the expiration of Mr. Harding's term of office. As regards the suggestion of the Comptroller and Auditor General in the communication, of which a copy accompanied the letter under reply, my Lords, as at present advised, would see no serious objection to gazetting into Schedule B. of the Order in Council, (1st.) Officers and clerks employed by

0.69.

APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—continued.

Chairman—continued.

the Chief Official Receiver and paid out of the allowance made to him for that purpose; (2nd.) Clerks employed by the Solicitor of the Bankruptcy Department and paid out of his annual allowance for clerk hire; (3rd.) Clerks employed and paid under similar conditions by salaried official receivers in the provinces; (4th.) Provincial receivers paid by fees and percentages. While, however, my Lords do not regard the query of the Comptroller and Auditor General as raising any serious objections to continuing for some time longer the existing arrangement of the Chief Official Receiver's staff, they observe that Mr. Harding is stated to have expressed a desire that his office should in future be recruited in the ordinary way. Their Lordships feel that the position of the clerks now employed should not be changed until the whole matter has been fully inquired into, and if the Lords of the Committee, after the receipt of this letter, remain of opinion that the time has come when there should be an inquiry by a Departmental Committee into the office of the Chief Official Receiver, with a view of either settling the Department on a permanent footing, or of otherwise determining the questions raised above, my Lords will raise no objection, and in such a case they would propose to nominate Mr. G. H. Murray of this Department to represent the Treasury on the Committee."

Mr. Jackson.

380. Has that Committee been appointed?—Yes; it is now sitting.

381. When is its Report likely to be made?—With regard to some of the subjects, immediately; but there will be some delay with regard to reporting as to the office of the Chief Official Receiver.

Chairman.

382. Will that Committee be able to make a report upon this question of the Civil Service certificates?—I think so.

383. And in time for the Report of the Public Accounts Committee of this year?—I think so; I think the Board of Trade have no objection at all to gazetting those officers into Schedule B., if it is considered desirable; but they would prefer that the matter should stand over until this Report is received.

Mr. Jackson.

384. But the question is rather, is it not, whether it is in accordance with the usual rule of the service that clerks should be employed who have no Civil Service certificate?—I think the circumstances of the employment of these clerks by an officer who has allotted to him a lump sum of money, with the right of appointing whomsoever he will without examination, are altogether exceptional.

385. When you say "altogether exceptional," do you mean that the exception is to apply only to those clerks who have been already appointed,

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or

24 March 1886.] Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. STONEHAM. [Continued.]

APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*

Mr. Jackson—*continued.*

or that his powers are to be exceptional in the future also?—I gather that the intention is that eventually the Bankruptcy Establishment should be settled upon the same basis as the ordinary Civil Service, and that the arrangement which has been referred to, of the allowance of a lump sum of money to Mr. Harding, out of which he has to pay, as well as appoint, certain clerks upon his own responsibility, is a temporary arrangement, and one that is to exist only during his tenure of office. He was appointed for five years, and about half of that time has already run out. It was a new work, and it was considered desirable that temporary arrangements should be made for it until some experience had been obtained. That was, I believe, the view of the Treasury, as it was of the Board of Trade.

386. Therefore they left Mr. Harding to appoint such clerks as he thought best fitted for the work?—Yes.

387. Presumably persons who had had some experience of such work?—Yes, probably.

388. In the future, will the requirement that they should have a Civil Service certificate be insisted upon?—Certainly, after Mr. Harding's period of service has expired.

Mr. Arthur O'Connor.

389. Not until then?—I should not like to say that. There has been a clear expression of opinion that, after Mr. Harding's period of service has expired, the office should be recruited on the ordinary lines.

Mr. Jackson.

390. I understand that there is no difference of opinion existing at the present time between the Treasury and the Board of Trade, that these clerks are to be accepted and to take permanent places in the service, although they do not possess Civil Service certificates?—At the present moment they have no permanent place in the service; they are absolutely temporary; they are engaged at the option of the Chief Official Receiver, and they are dismissible also at his option.

391. If they were gazetted into Schedule B, would not that make them permanent Civil servants?—I cannot answer that question; I think it might have that effect.

392. Is that part of the duty of the Committee which is now sitting, to inquire and report as to whether those clerks are to be taken into the permanent Civil Service?—That is rather a delicate question for me to answer.

APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*

Mr. Rylands.

393. What I understand is that you do not allege that these officials are being paid in accordance with the regulations of the Civil Service, but that the Board of Trade have thought it right to enter into an exceptional arrangement for a definite period during which the business will be carried on under circumstances that will enable the Board of Trade at the end of five years to deal with the whole matter *de novo* without any obligation to any person whatsoever?—Yes, with the absolute concurrence of the Treasury.

394. Are you of opinion that during those five years the appointments and fulfilment of the duties under this temporary arrangement are such as to be legal?—My impression is that they are; of course that is a legal question. I presume that the arrangement is legal, because the Treasury have certainly endorsed it.

395. The Board of Trade is of opinion that they, having obtained the Treasury sanction to this temporary arrangement for five years, are acting in a legal manner?—The Board of Trade some time since called the attention of the Treasury to the very exceptional position in which these gentlemen and the Chief Official Receiver stood, and to the fact that he had so very large an amount of patronage and so on at his disposal. The Treasury then determined that the circumstances were exceptional, that the whole of the proceedings in bankruptcy were to a great extent tentative, and that it was desirable that until the Bankruptcy Act had proved to be a success, the Bankruptcy Establishment should not be a permanent establishment, lest, I think I may say in the event of the Act failing, there might be a large charge falling upon the Exchequer for pensions and abolitions.

396. In point of fact, to save the public from what might be a very serious charge for superannuations and retirements, the Board of Trade thought it would be wise to adopt this scheme, and that was done with the sanction of the Treasury?—That is so.

397. (To Mr. Ryan.) Does that answer your objection, or the Comptroller and Auditor General's, to the payment of their salaries to these officials under the temporary arrangement which has been described?—Certainly not. (Mr. Stoneham.) I do not understand Mr. Ryan or the Comptroller and Auditor General to call in question the legality of the payments.

[The Witnesses withdrew.]

Wednesday, 31st March 1886.

MEMBERS PRESENT :

Sir Walter Barttelot.  
Mr. Henry H. Fowler.  
Sir John E. Gorst.  
Mr. Jackson.  
Mr. Lane.

Mr. Magniac.  
Mr. Arthur O'Connor.  
Mr. Rylands.  
Mr. Seely.

SIR JOHN E. GORST, IN THE CHAIR.

CIVIL SERVICE APPROPRIATION ACCOUNTS, 1884-85.

Mr. JOHN A. KEMPE and Mr. CHARLES LISTER RYAN, C.B., called in; and Examined.

CLASS II.—On VOTE 8.

PRIVY SEAL OFFICE.

*Chairman.*

398. (To Mr. Ryan.) BEFORE we go on with the other Votes I want to ask you a question on this Vote 8, upon which we discussed the question of some salary that had been paid to a clerk during a period of remand in prison; will you state to the Committee what are the duties and responsibilities of the Accounting Officers?—Mr. Hamilton in his evidence last week said that there was a Treasury Minute on this subject; but I do not think he had clearly in his mind or that he gave the Committee clearly to understand the meaning of the Minute. The Minute was a Minute upon the Accounts in 1882 which was laid before this Committee, and which was approved of in a paragraph of this Committee's Report. There is a passage in that Minute which relates to the pecuniary responsibilities of Heads of Departments and Accounting Officers.

*Mr. Arthur O'Connor.*

399. What are you quoting from?—I am quoting from the First Report of the Public Accounts Committee, 1883; it is at page 25 in

*Mr. Arthur O'Connor—continued.*

the Treasury Minute, as laid before the Committee. The concluding paragraph of this section of the Minute states as follows: "Accounting Officers will understand that if they are desired by their superior officers to order a payment which under Act of Parliament, Order in Council, Queen's Warrant, Treasury Minute, or otherwise they believe to be wrong, they must represent their objection, and the reason for it to such superior officer in writing. If the Order is then repeated in writing, they may obey without further responsibility, but if the officer directing the payment is not the supreme chief of the Department, they should ask to obtain the authority in writing of such chief before obeying. The responsibility is then transferred to the directing officer, who will be held personally liable. The Report of the Public Accounts Committee shows that the action of the Treasury in enforcing such liability will be supported by the Committee, and my Lords are anxious that there should be no misunderstanding on this point throughout the service."

On VOTE 10—*continued.*

BANKRUPTCY DEPARTMENT OF THE BOARD OF TRADE.

Mr. ALLEN STONEHAM, called in; and further Examined.

*Chairman.*

400. (To Mr. Stoneham.) HAS any conclusion been arrived at by the Board of Trade with reference to the point which was raised on the last occasion, namely, as to the gazettement of various officials into Schedule B. of the Order in 0.69.

*Chairman—continued.*

Council?—No conclusion has been arrived at by the Departmental Committee, but the Board of Trade have no objection to their being gazetted into Schedule B.

401. (To Mr. Kempe.) It was suggested by the

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Mr. KEMPE, Mr. RYAN, C.B., and Mr. STONEHAM.

[ *Continued.*

## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.**Chairman—continued.*

the Comptroller and Auditor General that certain officials of the Board of Trade at present receiving salary, but who have no Civil Service Certificate, should be gazetted into Schedule B. of the Order in Council of 1870; would there be any objection on the part of the Treasury to that being done?—Not with regard to the chief officials referred to in paragraphs 2 and 3 of the Report of the Comptroller and Auditor General; but with reference to the clerks to the Chief Official Receiver and to the Solicitor, I think the Treasury in those cases would have objections to their being gazetted into Schedule B.

402. On what ground is that objection based?—On general grounds. In the first place, that they are a class of officers who are not, as a rule, gazetted, and who are not recognised as having any status which would require gazetting. There are other officers on the same footing, such as private secretaries and personal officers of judges; that is to say, officers appointed personally by salaried officials, and the Treasury think that it would require an entire reconstitution of the arrangements if it were carried out in the case of these clerks also.

403. But is not the payment of a salary to all officials illegal unless or until they have obtained a Civil Service Certificate?—Not necessarily.

404. Does not the Order in Council apply to the whole Civil Service of the country?—There is no specification of those to whom it applies, but there are certain exceptions to whom it does not apply. As I said, officers appointed as personal officers by salaried officials are not, as a rule, required to be certificated.

405. Are not the clerks in the Bankruptcy Departments in town and country personally appointed by a salaried official; that is to say, the Chief Official Receiver?—Yes, he is given a sum of money to provide them for himself, and we only recognise these clerks as representing a sum of money; they are not recognised as having a status in the Civil Service.

406. (To Mr. Ryan.) What have you to say to that?—I do not think that the Comptroller and Auditor General would be prepared to accept the statement as it is made by Mr. Kempe, that there are any officers in the public service to whom the Order in Council does not apply in one shape or another. The words of the Order in Council are very broad indeed.

407. Can you refer us to the Order in Council itself?—Yes, the Order is as follows: "And it is hereby ordered that (except as may be excepted under Clause VII. of this Order and in the Schedule marked B. annexed hereto) the qualifications of all such persons as may be proposed to be appointed, either permanently or temporarily, to any situation or employment in any Department of the Civil Service, shall, before they are employed, be tested by or under the directions of the said Commissioners; and no person (except as aforesaid) shall be employed in any Department of the Civil Service until a certificate of

## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.**Chairman—continued.*

his qualification shall have been issued by the Civil Service Commissioners." Those words are extremely broad, and I do not think that unless some arrangement is made for legalising the position of persons employed in any Department, they can be employed without contravening that Order.

408. Is Schedule B. the only exception to those general words which you have read to us?—Schedule B. takes out of the provisions of the Order the persons who are placed into it; it is used for all officers of a technical kind employed in mechanical labour, such as workmen in the Arsenal and places of that sort, who, although paid from the public Votes, are yet not people who have any distinct status in the service. In fact, Schedule B. is used to take people out of the service, in order not to give them a status, which would entitle them to a pension.

*Mr. Fowler.*

409. What do you mean by "paid out of the public Votes"?—The definition we have received of a civil servant in a public department, is a person paid out of the Vote of Parliament.

410. I will put the question in this way: take the case of one of these Official Receivers in the Court of Bankruptcy; the Treasury and the Board of Trade allow to an Official Receiver, say 600 l. a year, out of which he has to provide his clerical staff; he may have an office boy, a competent managing clerk or writing clerk, and may pay them by the week, month, or year, as he thinks proper; you would not call that a payment out of a Vote by Parliament, would you?—I do not think that question has ever been decided, whether the money coming out of the Vote in that way brings them under the decision; but the point that I was controverting was, what Mr. Kempe laid down rather broadly, that in the case of persons who are distinctly paid out of the Vote, such as private secretaries, if the status of the persons depended upon the officer employing them, a certificate is not required. I think that a certificate is required, or they should be placed in Schedule B. as the case may be.

411. But you would not apply that rule to a case where allowance is made for clerical assistance?—It is so applied in the case of the Board of Trade.

*Chairman.*

412. (To Mr. Stoneham.) Is it not the fact that the solicitor to the Board of Trade receives an allowance for clerks, but that his clerks paid out of that allowance, are gazetted into Schedule B.?—That is so undoubtedly.

413. Is that done by inadvertence?—I think by inadvertence or want of consideration.

*Mr. Fowler.*

414. (To Mr. Kempe.) It is not so with the Treasury; Sir Augustus Stephenson has a large number

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Mr. KEMPE, Mr. RYAN, C.B., and Mr. STONEHAM.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued*.Mr. Fowler—*continued*.

number of clerks whom he pays himself, has he not?—Yes.

415. He has an allowance made to him in the Estimates for a clerical staff?—Yes.

Chairman.

416. Is it not the fact that in other Departments the solicitors have allowances made for clerks out of the public funds?—Yes.

417. Is it the practice in other Departments for the clerks so paid out of the public funds to be gazetted into Schedule B.?—So far as we know we should say it is not. The case of the Board of Trade Solicitor has been referred to, but that may have been done by inadvertence.

418. There would be no objection, I understand, on the part of the Treasury, to have the Chief Official Receiver, with Assistant Receivers and the Country Salaried Receivers, gazetted into Schedule B.?—There would be no objection to that.

419. But not the clerks?—No.

420. And that not on the ground that they are paid out of the public funds, but that they are paid out of monies provided for the officer, out of which he finds clerks?—Yes, that is the general ground. I think that there is also a special ground in this case. We regard this establishment as only tentative, and think it undesirable to do anything that would appear to give these clerks a status until it is known what the future of the Department will be.

421. Are you aware whether the law or the Order in Council give the Treasury any power to establish temporary offices, temporary establishments of this kind?—I think it is held that there is nothing to prevent these officers from being employed without being gazetted into Schedule B.

422. What do you say to the word "temporary" that occurs in the Order in Council which Mr. Ryan has read?—I think that refers to cases where they are paid directly out of the Vote, and are recorded as officers paid by the State; these are not paid directly by the State.

423. I ask you, do you base your contention on the ground that they are not paid directly out of the State Vote, but out of the monies provided for the officers entrusted with the duty of selecting them?—Yes, on that general ground.

Mr. Magniac.

424. (To Mr. Ryan.) I should like to ask for a definition of Schedule B.?—The definition of Schedule B. is contained in the 8th Clause of the Order: "And it is lastly hereby ordered, that the situations mentioned or referred to in the Schedule marked B., hereto annexed, shall be wholly excepted from the operation of this Order, provided that the chief authorities of any Department, with the concurrence of the Lords of the Treasury, by notice in the 'London Gazette,' may, from time to time, add situa-

0.69.

## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued*.Mr. Magniac—*continued*.

tions to either of the said Schedules, or withdraw situations therefrom, or restore thereto situations which may have been withdrawn."

425. Will you kindly read the definition of the Schedule; I wish to know what public servants are authorised to be placed in that Schedule?—The heading of Schedule B. contains these words: "Situations altogether excepted from the operation of this Order. (1) All situations to which the holder is appointed directly by the Crown; (2) All situations included in any Order or Warrant made by the Commissioners of the Treasury under Section IV. of the Superannuation Act, 1859" (that is the Warrants which add a number of years for special service); "(3) All situations which are filled in the customary course of promotion by persons previously serving in the same Department."

426. Then, so far as I understand that definition, that gives no authority whatever to place the persons referred to in this case into Schedule B.?—The persons can be placed into Schedule B. under the provisions of the section which I previously read.

427. That is to say, the persons that are mentioned in that description of the Schedule, only those persons, as I understand it, so described as appointed direct by the Crown, or under the Superannuation Act, and persons in course of promotion, are authorised to be placed in Schedule B.?—No, they fall into Schedule B. *ipso facto* by the provisions of the Order; but in addition to that the Treasury and the Department concerned can add to Schedule B. any situations, if they think proper, which they do not think should come under examination, and which they do not think should carry pension. Schedule B. has that effect of depriving any right to pension, not for subsequent service of course, but for service so long as they are in Schedule B.

Mr. Rylands.

428. In that case there would have to be a notification in the "Gazette," would there not?—Yes.

429. Supposing that notification were given, and the clerks were placed under Schedule B., they would not become in any way members of the establishment, or have any claim for pension, would they?—Not as long as they remain in Schedule B.

430. Do you see any objection to placing under Schedule B. a number of persons employed avowedly for the time being, in temporary service?—No, I do not think there is any objection; on the whole I think it is better to regularise them in some form or other under the provisions of the Order in Council, rather than leave them in a state between earth, air, and water as they are now, without any status of any kind; because the Comptroller and Auditor General cannot do otherwise than challenge their salaries.

431. (To

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Mr. KEMPE, Mr. RYAN, C.B., and Mr. STONEHAM.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*

Mr. Magniac.

431. (To Mr. Kempe.) I should like to ask on what principle persons are placed in Schedule B., whether you have any precedent for persons to be placed in Schedule B. having the same employment as these persons under consideration?—There is this precedent which is mentioned in the Report of the Comptroller and Auditor General, of a clerk in the office of the solicitor to the Board of Trade. I do not know what the reason of his being placed there was; it may have been by inadvertence. I should like to add that the ground for the opinion held by the Treasury as to employment of such persons is the words of the Order in Council, section 3: "No person shall be appointed to any office or employment in any of Her Majesty's Civil Establishments until he shall be reported by the said Commissioners to have satisfied them" on certain points. We hold that those persons are not appointed to any office in the Civil Service; they are employed by an established officer, and are servants of his, but they are not on the establishment.

432. Then, if that is so, it would be out of order to place them in Schedule B.?—Yes, it would.

Chairman.

433. That I understand is the ground on which the Treasury declined to do it.?—Yes.

Mr. Seely.

434. What practical difference would it make to these clerks; in what different position would they be if you placed them in Schedule B.?—It would give them a status. Supposing any change were made hereafter in the organization of the department, and that instead of an allowance being given to the solicitor, clerks were appointed, the clerks in question might raise a claim, I do not say it would be allowable, but they might consider themselves injured if they were not taken on the establishment.

435. It would give them a sort of moral right to promotion, you think.?—They might consider it so; we should not consider it did, but it might raise difficulties. The arrangement has worked without difficulty in other cases. I mentioned the case of a judge's personal officers; there is no difficulty raised in that case.

Mr. Arthur O'Connor.

436. In the cases of private secretaries and personal officers of judges you have specific items in the Estimates, have you not.?—Yes.

437. But here there is not a specific item in the estimate.?—No.

438. The one admits of a distinct and complete audit with regard to the individual.?—Yes.

439. Here you have nothing of the kind.?—There has to be an audit to show that the money has been spent.

440. But not with reference to specified individuals.?—No.

## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*Mr. Arthur O'Connor—*continued.*

441. This is in fact a farming out of public work through the individual contractor.?—Yes. (Mr. Stoneham.) He has no profit.

442. (To Mr. Kempe.) Is not the system of farming out work by undertakers of this kind altogether anomalous in the service; it is against the general rule, is it not.?—Not, in the case of legal establishments.

443. Frequently it is done in the case of the Board of Trade; but could you name any other legal establishment in which it is done.?—In the case of the Treasury Solicitor, and the Crown and Treasury Solicitor in Ireland, and in the Office of Woods.

444. In the case of the Office of Woods, how many men are there concerned.?—It is stated in the Estimate, "Paid to four clerks."

445. (To Mr. Stoneham.) Do you know how many men are concerned in this Bankruptcy Department.?—Nearly 100.

446. (To Mr. Kempe.) I observe that an amount of money is appropriated under the audit of the Comptroller and Auditor General for the pay of these 100 men; if you look at the Comptroller and Auditor General's Report on page 117, you will see that it is 5,900 l.; how much is that on an average for these men.?—If there are 100, the average would be 59 l. per man.

447. Do you know the qualifications of these men.?—Not at all; we are not concerned with that.

448. Have you any reason to suppose that the qualifications of these men are not individually as high in certain cases at any rate as those of the Chief Official Receiver himself.?—That I could not say; we have no cognizance of that.

449. Supposing that the Chief Official Receiver at the end of his five years goes away, and determines his engagement with the Crown, what becomes of these men.?—They go into the market, I suppose.

450. He receives in consideration of this temporary appointment a high salary, does he not; even 30 per cent. higher than that of the Inspector General himself.?—Yes; but the Inspector General has a pension which the Chief Official Receiver is not entitled to.

451. But in respect of his present office, the Chief Official Receiver receives 2,000 l. a year.?—Yes.

452. And the Inspector General receives only 1,500 l.?—Yes; but the Chief Official Receiver is not entitled to any retiring allowance or pension, while the Inspector General is.

453. He receives a higher amount in respect of the temporary character of his employment.?—I am not able to answer that.

454. (To Mr. Stoneham.) I only want to ascertain the real work of these men, and the position in which they stand in respect to their service.?—I prompted Mr. Kempe erroneously just now. The entire establishment of the Official Receiver, I think, numbers about 100; I spoke from memory; therefore, the whole of the persons employed there are not paid out of the 5,900 l.; and

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[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*Mr. Arthur O'Connor—*continued.*

and there I am guilty of having misled the Committee, however, unintentionally.

455. What deduction would you make from the 100 on account of those paid directly out of the fund?—I must necessarily speak, subject to correction, but I should think that would make a reduction of perhaps 30.

456. That would involve the raising of the average salary from 50 *l.* to 70 *l.*?—Yes.

457. Are not these men with a considerable professional experience?—Some of them are, but some of them are boys.

458. Is there any reason why these men should not be scheduled, seeing that the amount issued on their account is scheduled just in the same way as the Chief Official Receiver has to be scheduled?—I think that the Board of Trade has no objection to their being scheduled. The hesitation which the Board of Trade had, and which I believe the Treasury shared, was, lest by putting them into Schedule B., they might obtain in some way a status, either legal or moral, for consideration hereafter; and the Board of Trade and the Treasury also, as I understand, were unwilling to place these gentlemen in that position without some further guarantee. I hope the Committee will understand that I am not casting any doubt upon Mr. Harding, or the officer intrusted with this matter.

459. Is it within the knowledge of the Treasury that Mr. Harding required every one of these men to sign a paper, stating they looked to him only for their pay, promotion prospects, and everything, and contracted themselves out of any possible interest in the service?—I do not know whether it is in the knowledge of the Treasury; it is within my own personal knowledge, as I saw the paper.

460. Is it within your personal knowledge that Mr. Harding induced a considerable number of men to enter that service, with the assurance that at the end of 12 months' employment they would have a Civil Service Certificate?—It is not within my knowledge; I have no knowledge of that.

Mr. Lane.

461. When individuals, who are not civil servants, are gazetted in this way into Schedule B., is it usual for them to undergo any examination?—I think they undergo no examination.

462. How often, in the course of a twelvemonth, should you say that individuals are transferred, and get the status of civil servants, who have not undergone any examination?—Does the honourable Member mean by going into Schedule B.?

463. Yes?—I do not think I can answer that question.

464. Is it a thing that occurs once a year?—Yes, I think so; from a cursory look at the Report of the Civil Service Commission, I should think that it occurs frequently.

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## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*Mr. Lane—*continued.*

465. That is to say, they are transferred, and get the status of civil servants without any examination whatever?—That is so. (Mr. Ryan.) I think the honourable Member's question assumes that the Civil Service Commissioners gazette individuals into Schedule B. That is not so. The gazetting into Schedule B. refers to the department or the office, not to the individual. If a person is appointed to a particular department, placed in Schedule B., any person appointed to that office is consequently in Schedule B., and requires no examination.

466. Then it does not follow that if these officials are gazetted into Schedule B. now, at the expiration of the five years for which I understand they are temporarily employed, they would have the status as individuals that would be required under Schedule B., but that their offices would remain scheduled?—As individuals they have no status; but if for temporary purposes, in the case of any department which is newly created, and is not sufficiently permanent to be able to state what its staff should be, it is thought better in order to regulate the payment to the persons employed in that department to say that that department or section of a department should be placed in Schedule B.; that would give the persons entering into that department or section of a department no qualification or status whatever; they could not be re-transferred into the permanent service of the State in any other capacities than those in which they were put into Schedule B. without coming either under Clause 2 or Clause 7; they must either come in by open competition, or the Civil Service Commissioners may, with the consent of the Treasury, waive the examination because they have special qualifications.

Mr. Magniac.

467. (To Mr. Stoneham.) In paragraph 6 of the Report of the Comptroller and Auditor General, with regard to Sub-Head B., there is this statement: "the allowance, 1,100 *l.* granted to the Bankruptcy Solicitor, has been exceeded"; how can that have been exceeded?—It was exceeded to the extent of 7 *l.* 10 *s.* 10 *d.* by a payment to some of the solicitor's clerks.

468. But by whom has that payment been made?—By the Chief Official Receiver.

469. To individual clerks?—Yes.

470. But the understanding all through has been so far that the amount which is allowed is paid to that officer himself; that it is a gross amount paid to him for the purpose of carrying on his office?—The money is imprested or advanced from time to time as it is required for the payment of salaries, and it is vouched to the full extent; so that any surplus which is unexpended is surrendered.

471. Then it is not a gross allowance to the officer?—No, in one sense it is not.

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[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*Mr. Magniac—*continued.*

472. These men are paid directly, as Mr. O'Connor said just now, by Government money?—They are paid by the Chief Official Receiver from money which is advanced to him from time to time as he applies for it.

473. Does he apply for it in gross sums?—Yes, he applies for gross sums for the general purpose of his office.

474. Then if the allowance was limited to 1,100*l.*, how can there have been any excess?—I had better, perhaps, explain that twice or three times a month he applies to me for 2,000 *l.*, saying that he has such and such a balance in hand, and that certain payments are accruing for general bankruptcy purposes. Those advances are made to him out of the Bankruptcy Estates Account, which is kept at the Bank of England under the provisions of the Bankruptcy Act, and every month he returns to me an account current charging the various items, and monthly adjustments are made for charging the Vote with the moneys that are properly due to it; so that the payment of these clerks, in the first instance, is made out of moneys advanced to him from the Bankruptcy Estates Account, and are ultimately charged against the Vote.

475. Does not the Chief Official Receiver pay the money in cash to the Solicitor who has that allowance?—No.

476. Then, in fact, the solicitor does not have the allowance for maintaining the office?—The solicitor's office is a Sub-department of the Chief Official Receiver's Department, in the same way as the Solicitor's Department of the Board of Trade is a Sub-department of the Board of Trade. Every month the Solicitor to the Board of Trade applies to me for an imprest for certain purposes.

477. My question was confined to the Bankruptcy Department?—From time to time the Chief Official Receiver applies to me, or rather, I should say, to the Board of Trade, for money to carry on the business of his office, and he makes the necessary advances to the Solicitor.

478. Then, by what right did he pay the Solicitor more than the amount that was agreed upon or was allowed; it seems to me to put the whole thing into confusion again?—I do not think I can answer that. No doubt the advance was made to the Solicitor to meet certain payments that accrued to the Solicitor, because he is the Sub-Accountant to the Chief Official Receiver, and these amounts were made and charged to the account of these sums.

479. Then, in fact, he has charged more than he is entitled to?—Yes, which overcharge the Treasury has condoned. I have had a letter from the Treasury since the last meeting of the Committee, in which they state that they have sanctioned the charge.

480. The advance to the Solicitor is in the nature of the usual advance, and this is a case in which the officer has exceeded it?—Yes.

## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*

Chairman.

481. I see that the Board of Trade have made out of the Bankruptcy Fund a profit of 65*l.* 12*s.* 10*d.*; how is that surplus to be disposed of?—That is a question for the Treasury, I think.

482. This question was raised last year; how is it that on this occasion the Board of Trade has made a profit of 65*l.* out of the Bankruptcy Fund; how is that profit to be disposed of?—The saving on last year's Vote was paid to the Paymaster General by the Board of Trade.

483. Under what Head?—It is paid into the account required to be kept by the Paymaster General, out of which the Treasury makes advances.

484. (To Mr. Kempe.) What do you say will be the disposal of the 65*l.*?—It will be paid into the Bankruptcy Fee Account, of which the Treasury has charge, established in accordance with the Act, which directs the Treasury to arrange for advances from time to time for the purpose of the Act. Section 77 of the Bankruptcy Act, of 1883, says, "The Treasury may, from time to time, issue to the Board of Trade, in aid of the Votes of Parliament, out of the receipts arising from fees, fee stamps, and dividends on investments under this Act, any sums which may be necessary to meet the charges estimated by the Board of Trade, in respect of salaries and expenses under this Act." Under that section the Treasury have opened an account, which they call the Bankruptcy Fee Account, out of which issues are made to the Board of Trade from time to time as they are required.

485. And this surplus will be carried to that account?—Yes.

486. (To Mr. Ryan.) Do you see any objection to that?—We really had no official knowledge whatever until Mr. Kempe just now stated what was proposed to be done with this 65*l.* I think, before I can give an answer, that we ought to have more definitely the proposal of the Treasury with regard to the Vote.

487. (To Mr. Kempe.) Would there be any difficulty in putting the proposal of the Treasury into the form of a Memorandum, and handing it in?—At the present moment they have no definite intention, except that the Fee Fund must be kept going, and it is necessary to keep a surplus upon it.

488. Could you put the answer which you gave to me just now into the more formal shape of a Treasury Memorandum or Minute, upon which the Comptroller and Auditor General could give us his observations, if necessary?—Certainly.

Mr. Arthur O'Connor.

489. On that point Sir Reginald Welby, last year, was asked this question: "Supposing you have a surplus every year, which may or may not be possible; we will deal with the other side of the question in a minute; what would you do with

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## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*Mr. Arthur O'Connor—*continued.*

with the money?" To which he answered, "The Treasury would have to decide what was to be done with it; probably it would be payable as profit to the Exchequer; but just at the present moment no formal decision has been arrived at as to what should be done with any surplus that may arise upon it." Now, has any formal decision been arrived at?—No, not yet; the question has not been actually considered; it will be considered shortly; there has been no practical reason hitherto for considering it.

490. Then in reply to a question of my own, as to what authority there was under the Bankruptcy Act of 1883 to deal with such money, Sir Reginald Welby was not prepared to state that there was any distinct direction or statutory authority; have you discovered any since?—As to dealing with the surplus do you mean.

491. Yes?—No, that has not been considered.

Chairman.

492. Will you give us this Memorandum before the Committee reports?—Certainly. May I refer to the Bankruptcy Act again, Section 76, which directs, under Sub-section 3, "the dividends on the investments under this section shall be paid to such account as the Treasury may direct, and regard shall be had to the amount thus derived in fixing the fees payable in respect of bankruptcy proceedings." In view of that direction, it might, of course, be necessary to revise the fees.

Mr. Arthur O'Connor.

493. That is no authority?—No; I referred to it only with respect to the question of how the surplus might be disposed of.

Chairman.

494. Do I understand you to say that the Treasury will put in a Minute as to their proposal generally with reference to the disposal of surplus, or only with reference to the disposal of surplus in this particular case?—We might put a Memorandum in, stating what the Treasury view is generally.

Mr. Arthur O'Connor.

495. Can you say now why you did not pay it into the Bankruptcy Account, rather than the Treasury?—They are for different purposes.

Mr. Lane.

496. (To Mr. Stoneham.) According to the Return 216, of the Bankruptcy Department of the Board of Trade, on the year we are considering, does not the profit amount to a sum of 43,000*l.* odd; that is to say, the extra receipts come to a sum of 118,944*l.* 2*s.* 7*d.*; the expenditure comes to 75,934*l.* 7*s.* 2*d.*, leaving an apparent balance of 43,000*l.* profit to the Department, out of the conduct of the bankruptcy proceedings for the year?—That is so, apparently; but this

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## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*Mr. Lane—*continued.*

account is not a complete account; it is rather an account of the sums that would be needed for the service of the year, with the statement of the sources from which the advances would probably be obtained. The information was inserted in the Appropriation Account, as, I understand, in deference to the views of the Committee of last year, viz., the sums received for stamps by the Inland Revenue Department, the money charged to various estates by the Board of Trade, and the interest on investments received by the Paymaster General, and carried to the Bankruptcy Account, which is kept under Treasury directions by the Paymaster General; to which total also should be added a considerable sum in the nature of bookkeeping, and entries of certain stock held under previous Bankruptcy Acts. Against that has to be charged the whole expenses of bankruptcy; and that account is presented to Parliament annually; so that the statement now under consideration gives a misleading idea as to the real cost of bankruptcy.

497. I understand you to mean by that, that the 75,934*l.* is not the whole cost of bankruptcy.—It is the whole cost of bankruptcy, so far as the Board of Trade and this Vote are concerned; but there were a great many pensions and compensation allowances allowed, or given long before the Board of Trade had any cognisance of bankruptcy, and which are chargeable to the General Account presented to Parliament.

498. Approximately, what would be the amount?—I cannot say.

499. Under what Vote do these payments come in the Estimates?—Under the Superannuation Vote.

500. To what class of officials connected with the Bankruptcy Court would those payments be made?—It is not a Board of Trade Vote, and therefore I am not acquainted with it. (Mr. Kempe.) The compensation allowances, &c., are in the Superannuation Vote, in Class VI., on page 458 of the Estimates.

Mr. Rylands.

501. (To Mr. Stoneham.) But it is a fact that in the Report of Bankruptcy, presented to Parliament every year, the total receipts and the total expenditure of the account is given?—That is so. A particular account of receipts and payments is presented by the Treasury under the provisions of the Act.

502. This is simply limited, in point of fact, to matters connected with the head office?—With the expenses of the Board of Trade, the presentation of the Treasury Account is provided for by Section 76, Sub-section 2, of the Bankruptcy Act of 1883.

Mr. Lane.

503. I will pass from this account by just asking one more question. You say that the receipts under the head of "Extra Receipts" this

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year

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## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*Mr. Lane—*continued.*

year are 76,000 £, and that the actual amount of fees received was 118,000 £; what caused the great difference between the two?—It was known that the extra receipts would be more than is stated on the face of the account; but they were stated at a small sum, in order that a balance should be shown on the face of the Estimates, for which Parliament should be asked to make a grant, in order that the whole of the

## APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*Mr. Lane—*continued.*

bankruptcy administration should come before Parliament in Committee of Supply.

504. Would that be an unusual difference between the Estimates and the actual receipts in this year?—I think that during the current year we must of necessity follow the same course, in order that the Vote may be asked from Parliament. I am afraid that this has been done with malice aforethought.

Mr. WALTER MURTON, called in; and Examined.

Chairman.

505. (To Mr. Murton.) THERE is a payment of 19 £. 2 s. 8 d. in your law charges under Sub-Head F., which appears to the Comptroller and Auditor General to be not properly chargeable against the Vote; we had an explanation given us at our last meeting by a Board of Trade Minute that was read to us of the circumstances under which the payment was made, but the Committee would like to know from you what authority you had for that payment?—Whatever authority there was for the payment arises under Rule 104.

506. Will you read that Rule?—"The Board of Trade may require the taxation of the bills of costs, charges, fees or disbursements of any solicitor, accountant, auctioneer, manager, or other person where the taxation has been made by a Registrar of a County Court, to be received by a Bankruptcy Taxing Master of the High Court, and may appear on the review of such taxation; and where any such review is directed, the Registrar of the County Court shall forward to such Master of the High Court the bill which is required to be reviewed, and such master shall review such taxation. If upon the review the Bill is allowed at a lower sum than that allowed by the Registrar of the County Court, the amount disallowed shall be repaid to the trustee;" and then Sub-section 2 is, "The solicitor, accountant, auctioneer, manager, or other person whose bill is directed to be reviewed, shall have notice of the time appointed for such review, and the costs of his appearance thereat shall be allowed to him out of the estate, unless the Court otherwise orders."

507. Did the Court make any other order in this case?—The Court did not otherwise order in this case, and it was in fact after the trustee had paid the 19 £. to the solicitor that the matter was brought before the Board of Trade, and they came to the conclusion (mainly, I dare say, under my advice) that they might fairly and justly, in the peculiar circumstances of the case, recoup to the estate, through the trustee, this amount.

508. Then, in fact, it was a payment made by the Board of Trade to the trustee of the bankrupt estate of a sum of 19 £. 2 s. 8 d., because

Chairman—*continued.*

they thought that, owing to the misconduct of the Registrar of the County Court, the estate had been damnified to that amount?—Broadly speaking, that is the ground upon which they acted; it would have been a very hard thing, I venture to think, to charge a particular estate with expenses incurred on public grounds.

509. I do not think the Committee are at all disposed to question the equity of the transaction; what we want to know is under what power, authority, or law, the public money was devoted to such a purpose?—I am afraid I cannot look outside this rule; but I think there is some justification under the language of the rule.

Mr. Arthur O'Connor.

510. How do you make the rule cover the case?—I will endeavour to put a view before you for your consideration. The main object of this Sub-section, and the gist of it, is that the solicitor whose bill is attacked shall be paid for his appearance. The source from which the payment is to be made is a subsidiary matter, and I do not see any words here importing that the Board of Trade shall not, under any circumstances, make a payment of that kind. I think that that view is strengthened by the first sub-section, for this reason, because it states expressly that the Board of Trade may appear upon the review of a taxation; in other words, the Board of Trade are a party to the proceeding; and then the Court may, under the concluding words of Sub-section 2, order the Board of Trade, as such litigant party, so to speak, to pay the costs. In this case had we refused to repay the trustee the amount which he had paid, he could have applied to the Court for an order against the Board of Trade, under the peculiar circumstances of the case; I see therefore nothing to preclude the payment by a consent beforehand, which obviated the expense of that application. I will not put the matter higher than that.

Chairman.

511. Have the Board of Trade yet replied to the Comptroller and Auditor General's letter of the 2nd of December 1885?—That does not rest with

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Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*

*Chairman*—*continued.*

with my Department; but I know, as a matter of fact, that it has been long since replied to.

512. (To Mr. Ryan.) The reply of the Treasury was to send a Minute, which you read at the last meeting, was it not?—Yes, the reply is dated the 15th of February, and contained a memorandum, which I read at the last meeting.

*Mr. Rylands.*

513. (To Mr. Murton.) Then I suppose it stands thus, the Registrar allowed an excessive bill of costs?—Yes.

514. Then the Board of Trade, considering that it was excessive, joined with the parties interested in the estate in claiming that the costs should be taxed?—The Board of Trade, of their own motion, did so, in fact, on public grounds.

515. They suggested it?—No, they did not merely suggest it; they exercised their power under the Rule, without reference to any party; they did not even consult the trustee.

516. Then, in fact, the Board of Trade, having taken upon themselves the duty of seeking to have these costs taxed, were met in the subsequent transaction by the strong determination of the Registrar to, if possible, defeat the object of the Board of Trade?—Apparently so.

517. The effect of that was that there was a certain sum to be paid for charges which the Board of Trade did not consider just but excessive, but they could not help it, on account of the action of the Registrar?—Yes, those are exactly the circumstances; and the only result of going on would have been that we should have got into a vicious circle. Although we might have reduced the 19*l.* to 3*l.* or 4*l.*, and probably should have done, the solicitor would have immediately applied to the Registrar for a fresh order, and would have applied the costs of that order, and again come to town to attend the further taxation, all of which would have been quite unnecessary, and so on *ad infinitum.*

518. But you found that the Registrar was taking a course that practically prevented the possibility of getting an equitable arrangement of the costs?—Yes.

519. Do you know what has been done with regard to a representation of the conduct of the Registrar in higher quarters?—I do not know; personally, I thought that his proceedings were so peculiar that it would be my duty to report them to the Board of Trade, and I wrote a statement recounting the facts of one or two cases, with a view to some further representation being made by the Board of Trade to the Lord Chan-

# APPROPRIATION ACCOUNTS—Class II.

Vote 10.—Bankruptcy Department of the Board of Trade—*continued.*

*Mr. Rylands*—*continued.*

cellor. What happened afterwards I do not know; but I believe that the Lord Chancellor has been communicated with.

*Mr. Arthur O'Connor.*

520. If the Court gives costs against the Board of Trade in a particular case, if it dismisses an application of the Board of Trade with costs, out of what fund do the costs of the Board of Trade come?—Out of the Vote for law charges.

521. Then why should not these costs have come out of that Vote?—Just so; that is the course which I ventured to advise under the circumstances.

*Mr. Rylands.*

522. (To Mr. Stoneham.) What course was taken with regard to bringing the proceedings of this Registrar under the notice of his official superior?—I am afraid that I cannot answer that question.

523. You do not know?—No, but I will make inquiry, and inform the Committee next week if they please.

*Chairman.*

524. (To Mr. Ryan.) Have you anything further to say upon this point?—The view which the Comptroller and Auditor General took was, that although it might be an equitable charge there was no legal authority for it, and it appeared to him not to be right to pass it against the Vote.

*Mr. Rylands.*

525. You do not think the Board of Trade were the active employers; that they took such steps as they considered necessary in the matter, and became so far responsible that they were bound to relieve the estate by charging it to the law expenses of the Department?—No, I do not think so, because it was open, as Mr. Murton said to the solicitor, to apply to the Court for an order, and it was open to the Court to direct the Board of Trade to make the payment, because they have the power to make it if they should otherwise direct; if not, the charge remains legally, according to the original order of the Court. (Mr. Murton.) I may say that it is not likely to occur again, because the draft of the Rules has been altered since then.

[Mr. Murton withdrew.]

31 March 1886.]

Mr. KEMPE, Mr. RYAN, C.B., and Mr. STONEHAM.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.—continued.

## On VOTE 11.

## CHARITY COMMISSION.

Mr. GEORGE HENRY LEE, called in; and Examined.

*Chairman.*

526. (To Mr. Lee.) WHAT information can you give the Committee about this Mr. W. H. C. Smith, whose defalcations of 65 l. 3 s. 1 d. have been charged against the Vote?—The facts are as stated in the Report of the Comptroller and Auditor General.

527. But unfortunately, so far as we can see, the facts are not very clearly stated, and we want to have an explanation of the circumstances of this fraud?—Mr. Smith was an officer who was entrusted with the duty of receiving sums of money for two purposes; that is to say, for stamping orders which were made by the Board, and also for prints of the orders when they were made, and it was his duty to account for these monies from time to time to myself, in order that the amounts received for prints might be paid over to the Stationery Office, and the debt incurred for stamps might go to the Inland Revenue. He accounted to me on the 1st of December 1884, but although I pressed him subsequently, before the end of the year, to account for the monies he had received from that date, I could not get him to do so. In the result I reported the matter to Sir Henry Vane, the Accounting Officer, and Sir Henry sent for him and asked him to explain matters; he admitted his defalcations; the Board suspended him from that time, and it resulted in Sir Henry's going over to the Treasury, seeing Lord Lingen, proceedings were taken in the police court, and Mr. Vaughan, the magistrate, condemned the man to be imprisoned for four months.

528. How frequently was this officer called upon to account for the monies he had received?—Once a month.

529. What amount of money did he receive from time to time?—Between 30 l. and 40 l. a month.

530. Then how did he come, if he had 30 l. or 40 l. a month, and accounted every month, to be able to be a defaulter to the amount of 65 l.?—Because he kept back some of his entries and falsified others.

531. Then the falsification of entries had been going on for several months?—I am afraid it had.

532. Was he required to produce proper vouchers, or were his payments unvouched?—The receipts were from two sources, from postal orders and monies transmitted by post to the office, and also by payments which were made to him as keeping the orders by the general public who would call and ask for these orders or take them.

533. Have any steps been taken in the department in order to prevent any similar defalcations

*Chairman—continued.*

in future?—Yes. I may perhaps say that the Board have passed a minute, which, if I may be allowed to read it, will answer your question in detail.

534. Will you kindly read that minute?—It is as follows: "Ordered, That (1) copies of documents, for the purchase of which personal application is made, shall be supplied by the officer in whose custody they are, upon a requisition endorsed upon an interview memorandum initialed by a clerk in the department charged with the case. The officer who supplies the document shall mark the price upon each copy supplied, and shall note with his initials upon the memorandum the number of copies supplied, and the total amount payable in respect thereof. He shall send the copies to the clerk in charge of accounts, who shall deliver them to the applicant in exchange for the sum payable for them, and shall note the sum in his cash book. The interview memorandum shall be registered as an incoming letter. (2) All incoming letters containing money or postage stamps, and all interview memorandum registered in accordance with the foregoing direction, shall, after they have been registered in the daily register of letters, with a note of the amount enclosed therein or endorsed thereon, be also entered by the department charged with registration in a special book called the 'cash register.' An officer of that department shall deliver the enclosures in person, either to the clerk in charge of accounts, or in the case of money payable to the banking accounts of the Official Trustees of Charitable Funds, the Department of the Official Trustees, as the case may be, and shall obtain the initial to each entry in the cash register of the officer who receives the corresponding enclosures. The clerk in charge of accounts shall enter in his cash book all sums so received by him. (3) The clerk in charge of accounts shall once a week produce his cash book to the Accountant in the Department of the Official Trustees" (that is myself), "who shall examine the same with the cash register, and shall verify by his initials the amount then due from the clerk in charge of accounts. (4) The clerk in charge of accounts shall, once in each week, after he has accounted for the same to the Accountant in the Department of the Official Trustees, pay the money certified by the Accountant to be due from him to the Accounting Officer, by whom the same will be transmitted to the Paymaster General in accordance with the directions of the Treasury letter of 28th February 1882, to be afterwards credited by him to the Inland Revenue or to the Stationery Office as the case may be."

535. You

31 March 1886.] Mr. KEMPE, Mr. RYAN, C.B., Mr. STONEHAM, and Mr. LEE. [Continued.]

APPROPRIATION ACCOUNTS—Class II.

Vote 11.—Charity Commission—continued.

Mr. Arthur O'Connor.

535. You spoke of the cash register as a new book; was there not, until the institution of that book, anything corresponding to it?—No, there was no book.

536. No book at all?—There was a little cash register.

537. There was absolutely nothing to check a man who received the money from outsiders in respect of his receipts?—Except that he had to initial the letter on receiving an amount.

538. Was that letter afterwards checked against any entry?—No.

539. Then there was no check?—Practically there was none.

Mr. Rylands.

540. I should like to know whether the Department were aware of the fact that the recommendation of the Public Accounts Committee, 1884, was to the effect that wherever a fraud appears upon the accounts, a special report shall be made by the Comptroller and Auditor General upon the circumstances?—I do not think that Sir Henry Vane was aware of that fact; in talking over the matter with him at the time, I never heard him mention it.

541. Then you did not think it necessary, in order to place upon record what had occurred, to put in writing the statement to which you wished to call the attention of the Treasury, with a view to prosecution?—Sir Henry Vane went over and saw Lord Lingen, and mentioned the fact to him that this defalcation had occurred; then he went to Mr. Cuff, the solicitor, and proceedings were taken in the police court under those circumstances.

542. But that was all done by verbal arrangement, and you received no official report as to what were the consequences of the trial of this man; or did you get any official report as to what the result of the prosecution was?—I was present in court as a witness against the man, and heard the sentence.

543. Then, in fact, there was no written statement in any way with regard to this fraud?—There was no written report.

544. (To Mr. Ryan.) Should you expect a report to be sent in by the Charity Commission, as Accounting Officer to the Comptroller and Auditor General, giving the particulars of the case?—What we should have expected would have been done in a case of this sort is, that besides the verbal communications made by Sir Henry Vane to Lord Lingen at the Treasury, there would have been a formal report, and representation made to the Treasury in writing that such a fraud had occurred, and that the Treasury would thereupon have an opportunity, through the Treasury Officers of Account, of looking into the matter, and seeing whether the recommendations, which were made with a view to prevent a repetition of the occurrence, were in their opinion sufficient; and then, if such a report had been made, when we asked for it for our information, in order to be able to state its

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APPROPRIATION ACCOUNTS—Class II.

Vote 11.—Charity Commission—continued.

Mr. Rylands—continued.

substance to Parliament in our report, in accordance with the representation of the Committee, it would have been forthcoming. Nothing of that kind was done; we are in such a position that we cannot comply with the recommendation of the Committee of last year to make a report, because when we asked for written information, we were informed that everything passed verbally, and that there was no report that could be sent to us.

545. But you, of course, consider this quite out of accord with the representation of the Public Accounts Committee of last year?—Yes; and I should say that it was contrary to the ordinary practice, and well known rule of the service, that anything like a fraud should take place without a written report of the circumstances.

Mr. Lane.

546. (To Mr. Lee.) If there are no means of checking the amount in default by the machinery of books in the office, how was the exact defalcation found to be the exact amount of 65 l. 3 s. 1 d.?—When we found out that he was a defaulter, it was in this way; he had admitted that he had only 20 l. odd to meet what was upon the face of his books; then we took the letters which had come in during the months preceding from the time he had not accounted, and we could see then that he had not accounted for certain items that he had initiated.

547. Amounting to 65 l. 3 s. 1 d.?—Yes.

548. And you took his own admission for the amount of his defalcation?—No.

549. Then in what way did you check it?—In this way: A letter enclosing perhaps postal orders for 1 l. was received at the office; these orders were handed to him to post in his cash book, and when they were handed to him he had to initial them to show that he had received them; then the letter went on to the file in the department to which the letter referred.

550. Who was in charge of that file; who filed those letters; he himself?—No, they were sent to the departments all over the office.

551. If he did not transmit those letters, would there be any means of having a check upon the entries in the cash book afterwards?—Yes, because we search up the amount from the name of the case.

552. When he accounted the last time before that for the monies received by him, did you have any means of checking that account by him as correct?—No.

553. Then these defalcations of his might have been going on for some time before you discovered them?—Yes, they might; but inasmuch as all orders of the Board have to be stamped, and three parts of the money comes up for the purpose of stamping these orders, the money must be forthcoming; and therefore you see that limits very largely the amount for which he could become a defaulter.

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554. You

31 March 1886.] Mr. KEMPE, Mr. RYAN, C.B., Mr. STONEHAM, and Mr. LEE. [Continued.]

APPROPRIATION ACCOUNTS—Class II.

Vote 11.—Charity Commission—continued.

Mr. Lane—continued.

554. You say that you appeared as a witness against him?—Yes.

555. In your capacity as witness, did you swear that this was the exact amount of his defalcation?—No, because we were only able then to take out certain items against him.

556. At the first time when you suspected him of going wrong, did you then report him to Sir Henry Vane?—Yes, I did. It was in this way. He did not account to me, and towards the end of the year when a great deal of pressure was put upon him, and he put me off, he said he was working for the Commissioners, and therefore he could not make up his account. I pressed him, and then in my Department, as Accountant to the Official Trustees, we were paying dividends in the early part of January; but on the day when the January dividends were disposed of, I reported him to Sir Henry Vane.

557. How long after you first suspected that the matter was not going all right, was that date?—I did not suspect that anything was going wrong; I only thought that he ought to have accounted to me at that period.

558. In cases of this kind do these clerks have no sureties to whom the Department can look in defalcations of that kind?—No.

559. (To Mr. Ryan.) Is that the rule in the service generally?—It is not the universal rule, but it is the general rule that they have not.

Mr. Arthur O'Connor.

560. Are you now satisfied that proper precautions and guarantees have been taken in this office, in accordance with the passage in the Report of the Committee of last year?—I should like before answering that question to know, if the guarantees now adopted have been properly sifted by the Treasury Officers of Account; if they are satisfied the Comptroller and Auditor General would be much governed by their opinion, because it is their duty to go personally to the office itself and look at these questions, and decide. We have had no communication from the Treasury upon the subject.

Chairman.

561. (To Mr. Kempe.) Are the Treasury satisfied that proper precautions have been taken in the Charity Commission Office with regard to this matter?—That I believe has not been brought before the Treasury, and therefore there has been no opportunity of expressing an opinion.

562. (To Mr. Lee.) Has not that fact been stated to the Treasury?—The fact was stated to the Treasury, and you will see in paragraph 2 of the Comptroller and Auditor General's Report that the Treasury have sanctioned the placing of this amount of money on the Vote.

563. (To Mr. Kempe.) I am asking whether any precautions have been taken against future defalcations; perhaps you will let us know at our next meeting whether the Treasury are satisfied that the arrangements in the Charity Commissioners' Office are now satisfactory?—Yes.

APPROPRIATION ACCOUNTS—Class II.

On VOTE 15.

LAND COMMISSIONERS FOR ENGLAND.

Chairman.

564. (To Mr. Kempe.) In the case of the Land Commissioners for England, why is no proper estimate for extra receipts made. It appears from the Report of the Comptroller and Auditor General that in lieu of an estimate of extra receipts, they take the actual amount of extra receipts received in the previous year; is that regular?—The estimate for 1884-85 was made up before the Report of the Committee of last year; but an alteration has been made in the Estimates of this year.

565. And they are now made out regularly, are they?—Yes; this is the first opportunity we have had of doing so.

On VOTE 16.

LOCAL GOVERNMENT BOARD.

Chairman.

566. (To Mr. Kempe.) Can you tell us the facts of the case about the steam tug referred to by the Comptroller and Auditor General?—The Treasury are satisfied with the last answer of the Local Government Board.

567. Do you think that the Local Government Board cannot resist the obligation of providing the steam tug for such purposes as this?—Not in this case; the case of Cardiff was proved to be a very special one.

568. (To Mr. Ryan.) Have you any further objection to make to this?—No.

Mr. Magniac.

569. (To Mr. Kempe.) With regard to this Sub-Head U., there is a very large excess in cases of meritorious vaccination; by whom was that decided; it is at page 133 of the Estimates "Sub-Head U.," and on page 134 is the explanation of it?—The payments are made in pursuance of the Act of Parliament, under Regulations approved by the Treasury in 1872.

570. I do not quite understand you; that is not an answer to my question; I want to know by whom the point is decided whether the vaccination is meritorious or not; is it on the certificate of some department, or some officer, or how is it?—I am afraid that I cannot answer that question; I do not understand the procedure of the Local Government Board. I think, very likely, the Act of Parliament would answer the question; it is 30 & 31 Vict. c. 84.

The consideration of the Vote was postponed.

On VOTE 18

THE MINT, INCLUDING COINAGE.

Mr. Magniac.

571. (To Mr. Kempe.) With regard to Sub-Head H., "Loss on Coinage, Gold;" so far as I understand that entry, it is not really a loss upon coinage,

31 March 1886.] Mr. KEMPE, Mr. RYAN, C.B., Mr. STONEHAM, and Mr. LEE. [Continued.]

APPROPRIATION ACCOUNTS—Class II.

Vote 18.—The Mint, including Coinage—*cont<sup>d</sup>*.

Mr. Magniac—continued.

coinage, it is a loss on the purchase of worn sovereigns?—Yes, the withdrawal of light coin.

572. Then how can it be called a loss on coinage?—Upon conversion of the old coinage into new.

573. I could understand “loss on coinage” if they bought gold of less fineness and made a bad purchase; but it does not appear to me to be a loss on coinage at all, it ought to be a “loss on circulation”?—But it arises upon melting down the old coin. The naming of the Sub-head might possibly be improved.

574. You are aware that the old worn coin is an enormous question, and it appears to me that this entry is misleading?—It may be. (Mr. Ryan.) The explanation under Sub-Head H. states, “The gold imported for coinage in 1883–84 consisted almost entirely of light coin withdrawn from circulation, on which the loss is far greater than on ingots.”

575. Yes, I understand that; but what ought to be charged to the Coinage Department is the material that they use, which is only worth the value they pay for it, and the value of the material ought to be charged to the Coinage Fund; and if there is such a circulation fund, it ought to be charged to the withdrawal of worn coin from circulation?—I hardly understand the honourable Member.

Mr. Arthur O'Connor.

576. (To Mr. Kempe.) Can you say whether that coin was coin brought over from Melbourne in half-sovereigns?—I could not say.

Mr. Magniac.

577. I should like you to take note that on a future year I should certainly object to that Vote going under that head?—Certainly.

On VOTE 20.

PATENT OFFICE, &c.

Chairman.

578. (To Mr. Stoneham.) Have you anything to remark on the observation of the Comptroller and Auditor General, that the explanation of the Accounting Officer under Sub-Head C. is not an accurate explanation. The Comptroller and Auditor General says, “The excess is apparently due to expenditure amounting to 131 l. 11 s. 1 d. incurred in the renewal of three officers of the establishment from Manchester to London, not provided for in the Estimate, but sanctioned by the Lords Commissioners of Her Majesty's Treasury”; is that so?—I have no doubt that such officers were removed; but I think that it

APPROPRIATION ACCOUNTS—Class II.

Vote 20.—Patent Office, &c.—*continued*.

Chairman—continued.

is rather a harsh judgment to say that the explanation is at variance; it is rather an insufficient explanation.

579. Is it not rather the duty of the Comptroller and Auditor General to be as harsh as he can?—I am afraid that he performs his duty.

580. Why was not a Civil Service Certificate obtained for the officers to whom salary has been paid under the title of “Sorter of Designs” at an earlier period?—I am afraid that last week I treated these questions of certificates somewhat cavalierly; I was not aware of the importance which the Committee attached to it; but since that meeting I have seen the Report of last year, and I observe that the Committee attached very great importance to it. I can only say that the explanation here is the only explanation I have to offer; that the particulars of the examination were not settled, and the services of the officer were required at once in the Patent Office.

581. But would it not be possible in all these cases to obtain the certificate of the Civil Service Commissioners before the officer is employed, and not afterwards?—I have no doubt that after the strong expression in the Report of the Committee last year, the Board of Trade will endeavour to do that.

Mr. Rylands.

582. Has not this been done since the issuing of the strong Report of the Committee of last year?—No; this has not been done since the Report of the Committee.

On VOTE 25.

STATIONERY AND PRINTING.

Mr. Rylands.

583. (To Mr. Stoneham.) Do you know what regulations are made in the Patent Office with a view of rendering proper accounts to the Stationery Office of the sales made by the Patent Office, and of the amount of stocks in hand at the Patent Office?—No, that is not a question that has come before me.

584. Is there anyone that we can have from the Patent Office who can tell us that?—Yes, the Comptroller.

585. The Comptroller of Patents?—Yes; or I will endeavour to get the information by next week if Mr. Digby Pigott is unable to tell the Committee.

586. It struck me in reading the Report of the Comptroller and Auditor General that we should require some evidence as to what was done?—Then Mr. Pigott, perhaps, had better be examined.

31 March 1886.] Mr. KEMPE, Mr. RYAN, C.B., Mr. STONEHAM, and Mr. LEE. [Continued.]

APPROPRIATION ACCOUNTS—Class II.

Vote 25.—Stationery and Printing—continued.

Mr. T. DIGBY PIGOTT, called in; and Examined.

*Chairman.*

587. THE Comptroller and Auditor General tell us in his Report that the Lords of the Treasury have given such directions as will, if carried out, secure the correctness of the receipts arising from the proceeds of sales by other Departments; could you tell us what those directions are?—Merely that accounts in detail should be sent to us which have not been sent up to the present time.

588. What accounts are you referring to?—An account of the quantity received, the quantity sold, and the stock in hand.

589. Do you now regularly receive from all other Departments such accounts?—We do from some, but not from all. We shall in future receive them from all.

590. Do you receive accounts from the Patent Office?—None whatever; that is mentioned in these letters. There seems to be some difficulty in getting accounts from them, in consideration of the enormous quantity of stock there is there.

591. Do I correctly understand that all that you know with regard to the Patent Office is, that certain stationery has gone to the Patent Office?—Yes, and that certain sums are paid to the Stationery Office.

592. But you have no information whatever as to the stock in hand in the Patent Office?—None whatever; as a matter of fact it is very large indeed.

593. And you have no check over their proceedings?—Absolutely none.

594. Have you now furnished what has been asked for by the Comptroller and Auditor General in reference to the test audit for the Store Account?—For the 1884–85 I believe they are complete now, and if they have not been actually sent to the Comptroller and Auditor General they are ready for him.

595. Has the system of account which was mentioned by you on the 19th of May last to the Comptroller and Auditor General been yet brought into operation?—Not in full; it will come into operation in full at the end of this year, when we shall have one agent for the sale of all Parliamentary Papers and Government publications of every kind. We propose to start the new system of account with that.

596. Then when that system is brought into operation, and when all the public Departments send to you accounts of their stores and receipts from sales, will you have the complete system of account contemplated by this Committee and by the Comptroller and Auditor General?—I think we shall. I ought, perhaps, to mention that it will not be absolutely complete, because a certain number of forms are sold, and up to the present time we have not been able to suggest any plan which, without an immense amount of

*Chairman—continued.*

labour, will give us an account of them, but of anything of the size and in nature of books, we shall have what may be called a complete account.

597. Is it a fact, as stated by the Comptroller and Auditor General, that the stock of Parliamentary Papers is not verified by stocktaking?—Yes, it is the fact.

598. What is the reason for treating that separately?—Only quite lately have we had possession of them all; we have only received a certain number which have been given out, and which have been supposed to meet the ordinary requirements of the public. A separate stock was kept for the House of Commons in the House of Commons, and a separate stock for the House of Lords in the House of Lords. We have now got them altogether, and the only objection to taking stock is the enormous labour involved; it is a question of expense. We inquired into that some time ago, and the conclusion arrived at was, that the labour of taking stock of Parliamentary Papers, many of which were very small indeed, was perhaps ten times as much as the labour of taking stock of all the rest of the publications.

Mr. Arthur O'Connor.

599. From whom do you take them in charge?—We received the original stock handed over to us in a large number or mass, some from the House of Commons and some from the House of Lords. We now order as required from the printers.

*Chairman.*

600. Was any account kept of them in the House of Commons and in the House of Lords?—So far as we could make out, none. The question was discussed before a Joint Committee of both Houses, presided over by Lord Sherbrooke, and the conclusion was that they were not accounted for.

601. Are they now handed over to the Stationery Office?—Yes.

602. And they are kept in stock by you, but no stocktaking takes place?—There is no stocktaking at present, and as at present advised I am scarcely prepared to recommend it, on account of the enormous amount of labour involved. It is an easy thing to take stock of books; but in the case of these Parliamentary Papers, you may get a little bundle so thick (*describing the same*) with ten or a dozen different papers in single sheets, and it is difficult to get at the exact stock.

603. Are not the most important Blue Books also included?—Yes.

604. Is there no stocktaking of Blue Books?—None at present.

605. Could not stock be easily taken of those books

31 March 1886.] Mr. KEMPE, Mr. RYAN, C.B., Mr. STONEHAM, Mr. LEE,  
and Mr. PIGOTT.

[Continued.]

APPROPRIATION ACCOUNTS—Class II.

Vote 25.—Stationery and Printing—*continued.*

*Chairman*—continued.

books, if a division were made, and stock were taken of the more important ones?—I do not see how that could be done; it would be an arbitrary line. Something of this sort would be done. In the case of papers of more than certain value, we should take stock; but in the case of papers of less than a certain value we should not.

*Mr. Magniac.*

606. All these Blue Books are weighed, are they not?—Yes; that is for the purpose of going by post.

607. Could not the weights be taken as a basis for the stocktaking?—We could easily weigh how many tons we had; but then, I imagine that for real purposes of stocktaking, unless we knew what the bundles were, we might say, here is a bundle that we believe to be Parliamentary Papers, and it weighs so many pounds; that I think would be scarcely trustworthy.

608. You have no basis to start from now, have you?—I ought to explain that there were an enormous mass of papers handed over to us when we received the stock of the House of Commons, and the stock of the House of Lords; and in order to find storage room for them, if all were kept, we found that further premises were necessary, and we suggested to the Treasury, when the three stocks were thrown together, that we should fix on a certain number of papers only to keep. A great many were sold. We know therefore, approximately, what number we have. There has been one stocktaking for the purpose of wasting.

609. Still, if there is no basis to go upon, the weights basis would be better than none, it appears to me?—You understand that there would be no insuperable difficulty in one sense.

610. The difficulty, as I understand you, lies with these single papers?—There are an enormous number of those.

611. Could they not be as easily weighed as the big ones?—Perfectly. We could say we have so many tons of Parliamentary Papers; the only question is whether the Committee would think that of any real value.

612. Do I correctly understand that the outside Departments have power to sell their own papers?—No, not now; everything is sent to us.

*Mr. Rylands.*

613. Then, in fact, you have now the absolute control, which you had not before, of the Stationery Department, so far as the entire property of the Department is concerned?—I believe we have absolute control now. There used to be various agencies, but everything is now centred in the Stationery Office.

614. Will you tell me in regard to this sale of waste paper, whether it is correct to say that no sale of waste paper can take place without the authority of the Stationery Department?—I be-

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APPROPRIATION ACCOUNTS—Class II.

Vote 25.—Stationery and Printing—*continued.*

*Mr. Rylands*—continued.

lieve that is quite correct. If such sale does take place it is irregular; but I do not imagine that it is possible.

615. Does that go to the extent of stationery of all kinds; is there any sale which is made of various articles among the small stock that may have been partly used, or which are in such a state that the Stationery Department cannot re-issue them?—There is no recognised sale, and, as far as I am aware, there has been no actual sale.

616. You do not know what becomes of all these half-worn things?—A certain number we get back again. If you mean such things as disused pens, there is no system of sale except that in the Stationery Office.

*Mr. Magniac.*

617. Does that apply to the Army and Navy, the things that they receive?—To everything.

*Mr. Rylands.*

618. As I understand, under the new system, army and navy stationery, and the stationery of all other Departments, are within the control of the Stationery Department?—Everything. I ought, perhaps, to qualify that by saying that there are still a certain quantity of money allowances in some cases, but I am not speaking of those.

619. There are money allowances; they have been done away with in some Departments, but in others they are still remaining?—Yes.

620. With regard to the question which the Chairman asked you as to stocktaking, of course amongst the books in stock, the Parliamentary publications, there are copies of extremely valuable books, I mean books that were published under the Historical Manuscripts Commission, and works of that kind; those books are of course special stock of great value, and I presume that in the case of those books there would be no difficulty from time to time, in fact periodically, in having before you the exact stock?—There would be no difficulty in verifying the stock of any particular paper at any time; the remarks that I made I merely meant to apply to the general stocktaking once a year of the whole.

621. The point I am rather bringing under your notice is this: starting from these extremely valuable stocks, under no circumstances, I presume, would they be sold for waste paper; they are valuable, and represent a considerable amount of money; in regard to those there would be no difficulty from time to time in keeping a record of the stock?—No difficulty whatever.

622. Then, next to that class of publications, there is a range of publications by no means so valuable, but very different from the fleeting Parliamentary Papers, which are of small size, and which contain nothing but what is of temporary interest?—Yes.

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623. Do

31 March 1886.] Mr. KEMPE, Mr. RYAN, C.B., Mr. STONEHAM, Mr. LEE,  
and Mr. PIGOTT.

[Continued.]

APPROPRIATION ACCOUNTS—Class II.

Vote 25.—Stationery and Printing—continued.

Mr. Rylands—continued.

623. Do you think that, in regard to that intermediate class, there might be also a fairly accurate stock taken?—As I said before, I do not imagine that there would be the slightest difficulty in taking an absolutely correct stock of every one, only that we should require additional assistance, because the further we went down with the stocktaking the more would be the labour.

624. I meant to keep it within as narrow limits as possible; what I was putting to you was this: there are, speaking broadly, three classes of stationery property, one an exceedingly valuable class; one of intermediate value, and then a very large number which are practically of very little value for more than waste paper, and which ultimately go as waste paper; my question was whether, by roughly taking these papers, which are of very little value, you could not make a much more reliable stocktaking of those which are of considerably more value?—The only practical difficulty would be in drawing the line as to where the valuable works and the works of intermediate value come.

625. Do you not think that, with your great knowledge, you would be able to make such a fair stock account as would really answer all the purposes which it is desirable that we should have before us?—Certainly.

Mr. Lane.

626. In the year 1883-84 your office sent to the Patent Office stock to the amount of 17,943 £., and you got a return from them of 3,062 £. 6 s. 9 d.; is there anything abnormal in the amount sent that year and the amount accounted for?—I am not aware that there is. The amount which we send is always enormously larger than the value which they send in return.

627. Then I presume that a great many documents of the same class that go are the same from year to year?—In every case where a patent is taken out the specifications and other things are printed, there are a great many publications of that kind; it is the same class of thing, but not the same identically.

628. How do you account for such a vast difference between the amount sent and the amount returned, causing a deficiency of close upon 15,000 £. between the amount sent out and the amount paid for?—Because a certain amount of printing is done for the Patent Offices as well as for other Departments which is not for matter sold afterwards; but I cannot give you any further explanation of the difference, except on the assumption that very large quantities of matter are given away, which is, to a certain extent, the case, or that they are very large accumulations, which we know also to be the case. (Mr. Stoneham.) I think the difference arises in this way: in the Patent Office there are certain specifications printed which pass into stock, and of course the only sums that are brought to ac-

APPROPRIATION ACCOUNTS—Class II.

Vote 25.—Stationery and Printing—continued.

Mr. Lane—continued.

count are the sums received for the sales; therefore the difference of 15,000 £. would naturally be the stock. I recollect some years ago, when the first Patent Act was passed, that I had to look into the establishment of that office, and was shown large, lofty warehouses where specifications were stowed away, and they are still there in very very large quantities.

Chairman.

629. Is it not the fact that in the Patent Office there are thousands of pounds of patents that must be kept in stock?—Quite so.

Mr. Lane.

630. Is it necessary to go to the expense of publishing such an immense number of specifications that the quantity which is not applied for by the public should be so large?—I believe that the order for printing is generally made from the best test that can be made of the number that would be required for publication. The same number, I think, is not made of every specification.

631. Is there a proper check upon the amount sold to show that the total of 3,062 £. is the total amount for the year?—My memory will scarcely carry me; but I think that the check is perfect. I know that I looked into that a year or two ago, and I was satisfied that it was perfect.

Mr. Arthur O'Connor.

632. (To Mr. Pigott.) Is there any reason why there should be so much delay in taking stock of what is in the agents' hands; why could you not do that this year instead of next?—There has been a very faulty system, I think, of keeping the sale accounts up to the present time, which will be remedied. There has not been a separate personal account kept against each agent, but a ledger account of each book.

633. My question is rather in this direction; could you not at once proceed to deal with that matter instead of postponing it for another financial year?—No doubt we could do so, but we shall, without taking any special measures, have a complete account of the stock in the hands of agents at the end of this year, the 31st of December.

634. (To Mr. Ryan.) Was the Comptroller and Auditor General aware of that when he wrote, "In the present account therefore the value of the stores which were in the hands of the Stationery Office agents at the close of the financial year is not shown, and it appears probable that this defect may not be cured until the account for 1887-88 is dealt with"?—I think Mr. Pigott has some remark to make on that point. (Mr. Pigott.) That is a clerical error. The new system will come into operation a year sooner; we shall be able to give the information asked with the accounts for the year 1886-87. (Mr. Ryan.) We shall be only too glad if we find we are in error.

635. You do not admit that it is a mere clerical error?—I do not upon the face of it. (Mr. Pigott.) I merely

31 March 1886.] Mr. KEMPE, Mr. RYAN, C.B., Mr. STONEHAM, Mr. LEE,  
and Mr. PIGOTT.

[Continued.]

APPROPRIATION ACCOUNTS—Class II.

Vote 25.—Stationery and Printing—continued.

Mr. Arthur O'Connor—continued.

I merely intended to explain that whatever return we can give of the date of the stock at the end of the year 1887–88, we can give for the year 1886–87.

636. (To Mr. Ryan.) Is the Comptroller and Auditor General satisfied with the progress that has been made in the stocktaking?—This is the first year in which the Comptroller and Auditor General has made a report upon the store accounts that he has examined in detail at the Stationery Office, and I think, speaking generally, he is very well satisfied with the results of that inquiry. There were only two points besides the stocktaking which he called attention to in the letter to the Treasury of the 19th of November 1885, in which he said: "In numerous instances the receipts for stores issued were found to be wanting; but in the large majority of these cases the deficiency has been supplied by duplicate vouchers which have been obtained. The examination also revealed the fact that the sole voucher in regard to a very large proportion of the issues, estimated at one-fifth of the whole, was the receipt of the carrier, with the remark 'contents unknown,' for the case containing the stores." These points he does not think can be considered entirely satisfactory, and he is also not aware whether any arrangement has been made for keeping a sufficient record of the stock of stationery in the various Departments after it has reached them, though that does not affect the Stationery Office, because they are discharged upon the receipt of the officer to whom they deliver them. Those are the points which he thinks should have further inquiry. Then there is also the question of completing the stocktaking of the patents. That is another point, but taking those points altogether, he is well satisfied with the result as regards the rest.

Mr. Rylands.

637. You are not quite satisfied, I understand, with the arrangements made for the stocktaking of Parliamentary Papers in the general office?—No; my observation was in answer to a general question, whether we were satisfied on the whole, taking the account as it stands, and so on. I think we are satisfied; but there are special points to which we call attention, which we think ought to be further worked out.

638. (To Mr. Pigott.) With regard to the questions which have been previously asked, will the Stationery Department consider how far they will meet the desire of the Comptroller and Auditor General by arranging an approximation to such a stocktaking as might be obtained without a very large amount of trouble?—We certainly will.

Mr. Jackson.

639. Do you make fresh contracts for the printing next year?—They come into operation on the 1st of January next.

640. Not on the 1st of April?—No.

0.69.

APPROPRIATION ACCOUNTS—Class II.

Vote 25.—Stationery and Printing—continued.

Mr. Jackson—continued.

641. And that may, of course, alter the amount?—Yes, the variations of price will be considerable. For instance, in the new contract for the first time we are able to throw the House of Commons and the House of Lords printing together, and we have got a reasonable contract, taken at open competition by Messrs. Hansard, and that has reduced the price very much from what it used to be.

Mr. Lane.

642. With regard to the statement which appears upon page 165, in relation to the values of paper and parchments in hand, was that taken by an expert or by one of the staff of the office?—We have experts from outside the office who take the stock. As regards the statement of money values, in the case of our own publications, the net selling price is given; in the case of paper and other stores, the average price which we paid for it.

643. Then he does not take it on account of unexhausted amount of stock as invoiced?—The expert takes the stock only; the office calculates the value of the quantities certified by the expert at the average price which we paid for it; we buy all the paper for ready money at open competition, and with considerable variations in price, but in these statements the value of the stock in hand is fixed at a fair average of the price paid during the year.

644. Do you not think that it would be more useful, for the purpose of stocktaking, in the case of paper to take the weights, and in the case of all these other different things to take the numbers rather than the money values, in which you have no means of ascertaining beyond the invoice price, for the purpose of checking the stores in any particular part of the year?—We take the stock of the actual particular kinds, and it is summed up here, at page 165 of the Appropriation Account, in the money value which it represents. We give to the Comptroller and Auditor General a statement in detail as to how many reams of one sort of paper we have, and how many of another.

645. And the expert to whom you refer is one of the officers in your own Department, whose duty it is to see that the paper is up to quality?—Yes, assisted by an expert from outside.

[Mr. Pigott withdrew.]

On VOTE 28.

MERCANTILE MARINE FUND  
(GRANT-IN-AID).

Chairman.

646. (To Mr. Stoneham.) I must again ask you a question, in consequence of the Report of the Comptroller and Auditor General; why is the account of the Mercantile Marine Fund not remitted to the Comptroller and Auditor General earlier, so that he may report upon it before the meeting

E 2

31 March 1886.] Mr. KEMPE, Mr. RYAN, C.B., Mr. STONEHAM, and Mr. LEE. [Continued.]

APPROPRIATION ACCOUNTS—Class II.

Vote 28.—Mercantile Marine Fund (Grant-in-Aid)—*continued.*

*Chairman—continued.*

meeting of this Committee?—The account in this instance was delayed in consequence of correspondence arising on the balance of the preceding account. The clean certificate of the Comptroller and Auditor General was received, I think, on the 6th January, and the account was sent to him after the necessary ledger entries were made on the 13th January.

647. Would it not be desirable to transmit the accounts at so early a day that a full report can be made upon this account in time for the Committee on Public Accounts?—There is no difficulty at all. The delay arose in consequence of a former audit not having been completed.

648. May we take it that in future this account will be rendered in sufficient time to enable the Comptroller and Auditor General to make a full report upon it?—I think I may say certainly; I may say that I received a clean certificate for this account on the 28th of this month from the Comptroller and Auditor General.

649. Besides the Mercantile Marine Fund, there are other accounts administered by the Board of Trade, which are audited by the Comptroller and Auditor General?—That is so.

650. What are those?—Accounts of wages and effects of deceased seamen; their name is legion.

651. Then if you say "and others," that is enough. The cost of auditing those various accounts falls on the Consolidated Fund, does it not?—No; certain sums are payable to the Paymaster General.

652. Out of these amounts themselves?—Yes. For instance "wages," "effects of deceased seamen"; there is a special sum charged for that; the account for the dues under the Merchant Shipping Act Amendment Act, for the erection of lighthouses in certain Colonies, there is a fee for that; and in like manner for some other accounts.

653. I see from the Report of the Comptroller and Auditor General, that a sum of 2,176 *l.* 1 *s.* does fall upon the Imperial Funds?—That is so; but I think that must have been fairly considered when that agreement was made by the Treasury for a Vote-in-Aid for 40,000 *l.* Had the Board of Trade known that the cost would have been so much as 3,600 *l.* they would have stipulated for a larger Vote-in-Aid.

654. (To Mr. Ryan.) Have you any observations to make upon this point?—That is not quite accurate. In the negotiations that took place between the Board of Trade and the Treasury, when the amount of the Vote-in-Aid was fixed at 40,000 *l.*, the Comptroller and Auditor General was only asked, after the arrangement had been come to, whether he had agreed to the sum of 1,500 *l.* as representing fairly the cost of auditing these accounts, and he wrote back to the Treasury, and said that he did not agree, that that was not the sum that fell upon his Department, but that it was more than that. The Treasury answered that they had made the arrangement, and they could not reopen it before the five years time had expired; but it is not accurate to say that the Comptroller and Auditor General was an assent-

APPROPRIATION ACCOUNTS—Class II.

Vote 28.—Mercantile Marine Fund (Grant-in-Aid)—*continued.*

*Chairman—continued.*

ing party in any way to accepting the 1,500 *l.* as the proper charge upon the Board of Trade for the audit of this account. (Mr. Stoneham.) I did not intend to imply that the Comptroller and Auditor General was a consenting party.

Mr. Rylands.

655. Still, you will admit that, after all, this question of 40,000 *l.* is an entirely distinct question from the cost of auditing a number of accounts administered by the Board of Trade, other than the Mercantile Marine Account?—The increase of the cost of audit mainly arises, I believe I am justified in saying, in consequence of the relief of distressed seamen having been thrown on to the Mercantile Marine Fund, together with other charges, and therefore it becomes part of that question.

656. And you do not see any reason why these various accounts, not belonging, strictly speaking, to the Mercantile Marine Fund Accounts, should not be called upon to pay a larger sum of money towards the expenses of audit?—For the sums outside the Mercantile Marine Fund we do pay an amount, and I believe the Comptroller and Auditor General is satisfied as to its sufficiency.

657. Then you think that the deficiency is with regard to auditing the Mercantile Marine Fund proper?—Yes, together with the new services thrown upon it in respect of which the 40,000 *l.* is voted in aid.

*Chairman.*

658. (To Mr. Ryan.) Do you agree to that?—No doubt it is largely owing to the fact that the Grant to the distressed British seamen forms a large part of the Mercantile Marine Fund.

659. Is that 40,000 *l.* likely to be a normal cost, or will it be reduced in future years?—Yes, unless the bulk of the service is reduced.

Mr. Arthur O'Connor.

660. (To Mr. Stoneham.) Is there not a certain sum on account of fees now held in suspense in connection with the Mercantile Marine Fund; I refer to the engineer's fees?—Yes. I answered the question with regard to that at the last meeting of the Committee, and said that Mr. Acland had undertaken to introduce an Act authorising these fees to be paid.

On VOTE 29.

SECRET SERVICE.

The consideration of this Vote was postponed.

On VOTE 32.

LUNACY COMMISSION, SCOTLAND.

*Chairman.*

661. (To Mr. Kempe.) I see in Vote 32 there is another case of something of a messenger having being paid a salary for eight months without a Civil Service certificate?—Yes.

662. I suppose

31 March 1886.] Mr. KEMPE, Mr. RYAN, C.B., Mr. STONEHAM, and Mr. LEE. [Continued.]

APPROPRIATION ACCOUNTS—Class II.

Vote 32.—Lunacy Commission (Scotland)  
—continued.

*Chairman*—continued.

662. I suppose your attention has been called to that irregularity?—Yes. The Treasury view is that it is irregular, and that it would not be passed except in exceptional circumstances.

663. And that the claim for superannuation only dates from the time when the Civil Service certificate is obtained?—I am not sure that that is so; it would probably go upon the same lines as the payment of the salary; but that is a legal question.

*Mr. Jackson.*

664. It is rather an important legal question, if it is being neglected?—No, it is not being neglected. The practice of the Treasury, I think, has been to allow the period to count hitherto.

*Chairman.*

665. Have the Treasury any power to do that; is not it contrary to the Order in Council, and the Act of Parliament, to allow the period to

APPROPRIATION ACCOUNTS—Class II.

Vote 32.—Lunacy Commission (Scotland)  
—continued.

*Chairman*—continued.

count for superannuation in which a man has been serving without a Civil Service certificate?—I believe it is not distinctly contrary to the Act of Parliament.

666. (To Mr. Ryan.) Have you anything to say upon this point?—I think it would be contrary, in our view, to the provisions of the Superannuation Act, which makes it a condition precedent to pension that the person should hold a Civil Service certificate; in our view, if the person is appointed without the Civil Service certificate, for the period he so served he is not entitled to a pension.

667. I understand your view to be that they have no right to appoint him, and the Government of the country has no right to appoint a servant who has not got a Civil Service certificate unless he is put into Schedule B.?—That is so, clearly; the Order in Council, which I read at an earlier stage, lays that down most emphatically.

[The Witnesses withdrew.]

Wednesday, 7th April 1886.

MEMBERS PRESENT:

Sir Walter Barttelot.  
Mr. Henry H. Fowler.  
Sir John E. Gorst.  
Mr. Jackson.  
Mr. Lane.

Mr. Magniac.  
Mr. Arthur O'Connor.  
Mr. Ritchie.  
Mr. Rylands.  
Mr. Seely.

SIR JOHN E. GORST, IN THE CHAIR.

CIVIL SERVICE APPROPRIATION ACCOUNTS, 1884-85.

Mr. JOHN E. KEMPE, Mr. CHARLES LISTER RYAN, C.B., and Mr. ALLEN STONEHAM, re-called; and Examined.

CLASS II.—On VOTE 11.

CHARITY COMMISSION.

*Chairman.*

668. (To Mr. Kempe.) You were good enough to say at the last meeting of the Committee that you would inquire whether the arrangements which are now made at the office of the Charity Commissioners for the prevention of defalcations in the future are satisfactory to the Treasury; have you any information to give us to that effect?—The Treasury Officers of Account have inquired into the arrangements, and they consider that the regulations now laid down, subject to some suggestions which they have made, will ensure an effectual check.

On VOTE 10.

BANKRUPTCY DEPARTMENT OF THE BOARD OF TRADE.

*Chairman.*

669. (To Mr. Stoneham.) Have you any Papers to put in with regard to the Bankruptcy Department of the Board of Trade?—Yes.

670. What are those Papers?—They arise out of the complaint as to the conduct of the Registrar of the County Court at East Stonehouse with regard to the taxing of bills.

671. Will you hand them in?—Yes (*handing in the same*).

On VOTE 25.

STATIONERY AND PRINTING.

Mr. HENRY READER LACK, called in; and Examined.

*Chairman.*

672. (To Mr. Lack.) WHAT provisions are made in the Patent Office for keeping an account of the stock which is from time to time received from the Stationery Office?—We have no stock accounts. We receive 200 copies of each specification which is printed, and of that number we present 129 copies, that is to say, they are distributed gratuitously to different scientific bodies and institutions throughout this country; sets are given to foreign Governments, and the remainder, the 71 copies, are put in stock.

673. What number of copies of specifications, on the average, would be kept in stock?—The 71 go into stock, and of them a varying number of course are sold according to the subject; we sell more of some than we do of others.

674. Have you no account which shows the number of copies that is kept of any specifications?—Not without counting.

*Chairman—continued.*

675. Then, in fact, there is no account at all?—No.

676. And if you were asked, for instance, what was the number on hand of a certain particular specification, you would have to go and count the copies?—Exactly. I do not know whether I might say that in 1876 the late Master of the Rolls and Sir Ralph Lingen made a report with respect to the stock; there was a very large stock on hand at that date, and they decided that it should be reduced. In 1877 a selected stock was made, consisting of about five copies of the early specifications from 1617, and increasing in number by 10, 15, 20, and 25, until we come to the specifications of living patents. In that way a selected stock was made of about a million, which fills one of our houses in Cursitor-street. That was the selected stock, and we knew at that time how many we had in that house of each stock;

7 April 1886.] Mr. KEMPE, Mr. RYAN, C.B., Mr. STONEHAM, and Mr. LACK. [Continued.]

## APPROPRIATION ACCOUNTS—Class II.

Vote 25.—Stationery and Printing—continued.

Chairman—continued.

stock; but since that date a number of copies have been sold, and from time to time they are replenished from an extra stock, which we keep in the Patent Office itself.

677. When a copy of a specification is sold, by whom is the money received?—The applicant goes into the sale office, and makes out from the printed lists that are kept there one or two little lists of a number of the specifications he wishes to have; that list is taken to a counter where the specifications are handed out, and the clerks on that side fill in the prices against the number; the paper is then taken by the applicant to another room on the other side of the passage, where he pays the money into a little box; the clerk there stamps it as having been received; the ticket is taken back to the public counter, and the required specifications are handed out.

678. Is there any way in which you could find out whether copies of specifications were sold and not entered into this ticket, and for which the money has been received and appropriated?—No.

679. Are you able to tell now whether, if the specifications in the Patent Office were examined, they would be found to be correct, or is it possible that numbers might have been taken away and sold to the public without your having any record or check upon it?—If you could find anybody to buy them, that is the great safeguard.

680. Is it your opinion that the only safeguard is the worthlessness of the stock itself, except to the few people actually requiring them?—Yes. Another reason is that any person wishing to see the specifications can see them for nothing by walking up into the Patent Office library.

681. Does the stock in the hands of the Patent Office consist nearly exclusively of these specifications?—Specifications, including indexes and abridgments of specifications; but the most numerous of course are the specifications. Up to the present time I should think that there are 160,000 separate specifications. Of course if we had to keep a stock account for them, we should require a separate entry for those 160,000 specifications, because they are all likely to be drawn upon during the year.

Mr. Jackson.

682. With regard to the copies which are distributed gratuitously, are the public libraries included in that list?—Here is a list of the places to which we send them (*handing in the same*). I may say that they are supplied gratuitously to this extent, that the foreign Governments return our donations by supplying us with copies of specifications of patents issued in each foreign country, and the colonies do the same.

683. Including the United States?—Yes.

684. You have not, however, answered my question; are the public libraries included in the free list?—Some are, but we do not give to all the public libraries, I think.

685. You have told us how orders coming into the office are dealt with; are orders coming in 0.69.

## APPROPRIATION ACCOUNTS—Class II.

Vote 25.—Stationery and Printing—continued.

Mr. Jackson—continued.

by post dealt with in a similar way?—Yes; the orders by post go to the superintendent of the branch, and he deals with those; he has a clerk specially under him for that work.

686. How long are the specifications kept?—For ever.

687. But not the whole quantity?—No; we began with the year 1617, and the late Master of the Rolls decided that we should only keep five copies of each of those.

688. What did you do with the balance?—We sent them to the Stationery Office to be pulped. I may say that I sent away about 150 tons of waste paper.

689. When was that?—In 1877 and 1878.

690. That was the accumulation?—Yes, owing to there having been printed 550 copies instead of 200.

Sir Walter Barttelot.

691. Taking one year with the other, what is the amount you receive for these specifications?—For the last three years the amounts were, in 1884, 3,148 l.; in 1885, 4,168 l.; and in 1886, 4,537 l.

692. Would that be about the average, taking one year with another?—At the present time; they have increased considerably of late years.

Mr. Lane.

693. Are you debited with the sale cost of the specifications sent you, or the cost price that they would be sent out at by the Stationery Office?—The Stationery Office fixes the price at which we sell them, and that amount would be charged against the Patent Office.

694. You do not know whether that is the cost price to them, or the price at which you sell them?—It is the price at which we sell them, and, I believe, it is a price that allows of their being sold at a profit.

Chairman.

695. (To Mr. Ryan.) Have you any observation to make with regard to this evidence?—No; I have heard nothing which I should think could induce the Comptroller and Auditor General to alter the opinion which he has expressed in his Report, that it would be desirable that some account should be kept in the Patent Office itself in regard to the issue of stores, so as to allow of a test being applied to the large amount of stock.

696. (To Mr. Kempe.) Have you anything to say on behalf of the Treasury about this matter?—I may say that the present system of check was arranged by the Treasury Officers of Account, who were satisfied of its sufficiency. In reference to stock, I think that the Treasury view would be that of Mr. Lack, namely, that it is too large to be dealt with *en masse*, and that the temptations to deal fraudulently with it are not sufficiently great to make it worth while to incur any large expenditure with regard to that. (Mr. Lack.) Moreover, the specifications are not very valuable, and it would entail a great deal of labour for a very small result.

[Mr. Reader Lack withdrew.]

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Mr. KEMPE, Mr. RYAN, C.B., and Mr. STONEHAM.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

## Vote 25.—Stationery and Printing—continued.

Mr. T. DIGBY PIGOTT, re-called; and Examined.

Chairman.

697. (To Mr. Pigott.) THE Committee observe that the Comptroller and Auditor General remarks, "The examination also revealed the fact that the sole voucher in regard to a very large proportion of the issues, estimated at one-fifth of the whole, was the receipt of the carrier, with the remark 'contents unknown,' for the case containing the stores." Would it not be possible to have some more satisfactory method than that for the issue?—I think we ought to get it, if one-fifth is quite a correct estimate; but at the Stationery Office we think that it is probably not so large as that, as a matter of fact. I might explain the way in which the difficulty arises. We are ordered very likely to send off 20 or 30 cases of stationery, say to the Army in Egypt; in that case we nearly always put a list of the contents inside those cases when they are packed; but very likely they may not be opened for a very long time, and if we had to get a receipt in detail for every item we should not be able to close our account in sufficient time for presentation to Parliament.

698. Are the contents of the cases ultimately verified by the person by whom they are sent?—Not in every case.

699. Could they not be ultimately verified in every case?—There would be considerable difficulty in doing that, because the cases are very often not opened until they get a great distance off; and although we try to get a signed receipt back it is very difficult to get it.

700. In the case of stationery which is sent to offices in London, are the contents of the cases always verified by the officer who receives them?—It is a slip if it is not so; everything is supposed to be, and I believe is, verified, and we obtain the receipts.

701. Does the remark of the Comptroller and Auditor General apply then, in your opinion, to cases sent abroad?—I think it can only apply to them.

702. (To Mr. Ryan.) Is that so?—I do not think we have sufficient knowledge to answer the question without reference to the documents.

Mr. Jackson.

703. (To Mr. Pigott.) Do you ship direct in those instances?—Not exactly. In the case of the War Office, for instance, we send, I believe, so many cases to Woolwich; in the case of the Admiralty we sent to one of their Dockyards. We also send to Embassies abroad, and Consulates in China, and places of that sort, and there would be a difficulty in getting a detailed receipt. In those instances, if the order is carried out as it ought to be, we put inside an actual invoice, giving all the details of the articles in the cases; but it is only in exceptional cases that we get that invoice back receipted, as we ought always to do, in order to make the system perfect. The difficulty is that if we insisted

Mr. Jackson—continued.

upon it and did not close our account until we got it, the end of the year would be upon us before we could make up our accounts.

704. Do the War Office find it necessary to send an officer, or anyone on their behalf, to check the contents of those cases which you pack?—No, not when we are packing them.

705. That appears to be the only remedy so far as you are concerned; I understand the question to be that you ought to have a receipt for the details?—Yes, but it is practically impossible to do so. Take the case of one of the boxes for the Nile boats, which were going up the other day; say, they were not to weigh more than a certain quantity, and they were to contain so many sheets of blotting paper, so many pencils, &c., some for carrying on camels, and some to go in boats; it would be very difficult to get a receipt in detail for all those articles. They may not have been opened at the time, or they may come back again, or they may be dropped in the Nile, and we cannot tell what becomes of them.

Sir Walter Barttelot.

706. Would it not be quite sufficient both for you and for the Treasury if some proper person was appointed to look at those cases, and satisfy himself on behalf of the War Office that the statement you made of the quantities contained in these cases was accurate?—The only difficulty in having somebody to do that is, that he must be actually present to superintend the whole process of packing. We keep an accurate account of everything, and we trust our own packers under the superintendence of the storekeeper. I am afraid if you had any one from the War Office to sign these receipts, he must be there to see that the 12 pencils and so many sets of pens and sheets of paper were all there.

707. Surely that would not be required if he saw your statement, and saw those boxes packed with that amount of goods in them?—The point at issue, as I understand it, is that in the opinion of the Audit Office our statement is scarcely a sufficient guarantee that what we say has been put in, has really been put in. In the case of cases delivered at London, the Foreign Office, or the War Office, &c., we get the actual receipt if we send even a Parliamentary Paper; but we cannot get the same thing if we are sending cases to an officer at the front, for instance. Somebody must be trusted in that case, and up to the present time the officials in the Stationery Office are trusted.

Mr. Fowler.

708. You have already anticipated the question which I was going to put to you, which is this; all the stationery delivered to a Government office in London is checked, is it not?—Yes.

709. And practically, since your and my report, there is a responsible man in each Department for the stationery?—Yes, one or more.

710. At

7 April 1886.] Mr. KEMPE, Mr. RYAN, C.B., Mr. STONEHAM, and Mr. PIGOTT. [Continued.]

APPROPRIATION ACCOUNTS—Class II.

Vote 25.—Stationery and Printing—continued.

Mr. Fowler—continued.

710. At all events, we know that in the case of the War Office and the Admiralty, where the bulk of the stationery goes, there is one?—There is one central office responsible for all supplies to the War Department, but it has not as yet been found possible to apply the same system fully in the Admiralty.

711. And that goes checked?—Yes.

Mr. Arthur O'Connor.

712. You do not understand, do you, that the Comptroller and Auditor General desires that there should be somebody to count every sheet in every quire of note paper?—I am afraid it comes to that almost. All we say is, that taking the case I mentioned just now, when we have an order from the War Office, to send 40 cases of stationery, containing such and such articles to be delivered to the Nile Expedition, we show a receipt from the carrier that he has received 40 cases, and we say that is what they contain. If the Comptroller and Auditor General's recommendation is to be carried out, somebody must be present to check our man, in order to see that he puts in what we profess to send.

713. When you are directed by the War Office to consign large packages of stationery for the army in Egypt, do you consign to the address of the Department, or to some particular individual?—I could not answer that question.

714. It is important for this reason: if you consign to a Department your personal responsibility in the matter is dissipated; but if you consign it to a responsible officer, he would be able when he opens the chest to see that the list of the things that you say are enclosed, does in reality agree with those which are contained in the package?—We certainly do not consign to individual officers. One of the 40 cases, say is sent to colonel somebody, in command of his regiment, and others to different officers dotted over the place.

715. Then are the packages consigned in the bulk?—Or very likely in the actual boxes.

716. Are there a number of packages all bulked together in one large package, afterwards to be distributed when they reach the point of distribution?—Yes.

717. Is that large package addressed to an individual, or is it sent to the address of the Department?—It is addressed to the War Office, to be delivered at such a place as we are told.

718. And you do not know to what particular officer you are to look for a further receipt?—We obtain receipts for nothing more than 12 or 100 cases; the only person who could give the receipt in detail is the officer who finally opens the package.

719. Is that so in the case of each particular package?—Yes.

720. Do you think that you could not obtain a receipt from the officer who first breaks bulk, and checks the list which you say is included in the large package, acknowledging the receipt of so many smaller packages, as the real contents of that which he breaks?—We do receive receipts for the actual packages; the only difficulty is as to the contents of the packages.

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APPROPRIATION ACCOUNTS—Class II.

Vote 25.—Stationery and Printing—continued.

Mr. Arthur O'Connor—continued.

721. As I understand there is a consignment, say, to officer A., of a large bulk package that contains a number of smaller packages for all the other officers in the alphabet; does he not check the 25 packages contained in his big one, as shown on the list which accompanies them?—Take the case I spoke of, of cases being sent to the Nile Expedition; as a matter of practice, we are told to send 40 or 50 packages, to be delivered for the use of the expedition at a certain place, I think at Woolwich.

722. Do not you get a receipt from the officer at Woolwich?—The objection taken by the Audit Office to that is, that it is merely a wholesale receipt, and that there is nothing to show that those packages contained what they ought to contain. (Mr. Ryan.) We get the receipt of the carrier, "Contents unknown."

723. (To Mr. Pigott.) It might have been a truss of hay; that is what you understand the objection to mean?—Yes, exactly.

Mr. Magniac.

724. I understand then that you do not send these cases direct abroad; you deliver them to the officer of the department in England?—In some cases we ship direct abroad, to embassies and consulates, for instance.

725. Do you get receipts from them?—When we can we do, but there is great difficulty in doing so.

726. Then there is nothing to show that the consuls abroad have received them?—Merely the proof that the packages of stationery professing to contain so-and-so were sent.

727. You do get that receipt?—Yes.

Mr. Seely.

728. When it was said that it might be a truss of hay, there is the statement of your officer, is there not, that he has seen it passed, and that it was not so?—Yes, and not only that, but the check that the papers are put on, and taken off stock again, that is only to be accounted for by a certain demand; there are, say, 100 reams put on stock, and 100 taken off again; if a certain package contains what it ought, there are 100 reams in it.

729. What is the amount of stationery you get no receipt for except the receipt for so many packages?—I could not tell you. It is stated in the Report of the Comptroller and Auditor General that it is estimated at one-fifth of the whole amount. But the officers of the store branch of the Stationery Office take a different view, they think it is not nearly so much; they think one twenty-fifth would be nearer the mark, so far as we can make out.

Mr. Lane.

730. Previously to sending out those supplies, do you always get a requisition from the department requiring them, specifying exactly what you are to send?—We never send anything except upon requisition.

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731. If

7 April 1886.] Mr. KEMPE, Mr. RYAN, C.B., Mr. STONEHAM, and Mr. PIGOTT. [Continued.]

APPROPRIATION ACCOUNTS—Class II.

Vote 25.—Stationery and Printing—*continued.*

Mr. Lane—*continued.*

731. If when those goods are packed, one of the officers in your department were to certify that the requisition was fulfilled, would not that be a document sufficient for the Audit Office, and do you furnish that document to the Audit Office? —I do not think we do furnish a certificate of that kind.

732. Do not you think that that would be a document which ought to be taken as sufficient? —I do not think we go through the actual form, but we could without difficulty. As a matter of fact we do, if the order is initialed as executed. I understand that, in the opinion of the Comptroller and Auditor General the question is whether, in order to meet that, it would be sufficient if we gave a certificate signed by some one in the department, that the box really contained what it professed to do.

Chairman.

733. (To Mr. Ryan.) Have you any observation to make upon this evidence?—What I have to say on this point is that the Comptroller and Auditor General has no doubt whatever that, as a rule, these cases do contain what they purport to contain, and that they are properly despatched; but if he is called upon to examine an account and certify as to its accuracy, he must have, for the purpose of doing so, some evidence on which he can rely, or else he is bound to state that he cannot certify to the fact; he does not doubt it, but he is not in a position to certify it. It is obvious that such a voucher as the receipt of a carrier of a case marked "Contents unknown," affords no real evidence on the discharge side of the store account of the Stationery Office, that such and such an amount of paper, and so on, had been accounted for, as having been transmitted to the people to whom it was directed. The remarks of the Comptroller and Auditor General go no further than that he cannot state, as an auditor, that it is a satisfactory state of things. It may not be worth while to incur more expenditure to make it satisfactory, but he cannot pretend to say that that is satisfactory, which in his opinion is not satisfactory, as affording to him a means of certifying the accuracy of the account.

734. (To Mr. Kempe.) Has the remark of the Comptroller and Auditor General been considered by the Treasury?—I think the matter has not been brought before them.

Mr. Ritchie.

735. (To Mr. Ryan.) Does it not strike you that if a minute examination of that kind is to be followed up at all, it must go a step further, and you must get the officer who received the paper to account for it?—That is, I think, the certificate which the Comptroller and Auditor General would think satisfactory; there is no object in a certificate from the Department to prove that it has fulfilled its duty.

736. But that would be impossible, would it not?—No, there would be no difficulty. If they sent an invoice in each package that invoice should come back again to us.

APPROPRIATION ACCOUNTS—Class II.

Vote 25.—Stationery and Printing—*continued.*

Mr. Ritchie—*continued.*

737. If you are to pursue the thing to the bitter end, the officer who receives the packages ought to account for what he does with them?—There is hardly anything you cannot reduce to an absurdity, if it comes to that.

[Mr. Pigott withdrew.]

On VOTE 35.

HOUSEHOLD OF THE LORD LIEUTENANT OF IRELAND.

Chairman.

738. (To Mr. Kempe.) Are the facts stated by the Comptroller and Auditor General in his Report correct, viz., that a liability of 55 l. 5 s. was incurred, of which only 27 l. was paid on account, and that the balance of 28 l. 5 s. was left to be defrayed out of the Grant for 1885-6?—Yea.

739. Will you state to the Committee whether if the whole liability had been left to be defrayed out of the Grant for 1885-6, any document would have come before the Comptroller and Auditor General which would have shown him that the Department had incurred such a liability?—I do not think he would have found out the fact of the postponement; I think no document would have come before him from which he could have observed the postponement of the payment.

740. What I mean is this: assuming that a Department were to incur a liability before the close of the financial year which they omitted altogether to defray, would any papers come before the Comptroller and Auditor General which would show him the existence of such a liability?—Next year they would. Supposing there was a bill sent in at a certain date of the year before and not paid till the next year, the Comptroller and Auditor General would notice the difference in the dates.

741. Then he would not become aware of the liability having been incurred until the subsequent year?—No.

742. Will you explain to the Committee what is the view of the Treasury upon the observations made by the Comptroller and Auditor General upon this postponement of payment?—The Treasury would adhere to the view they took in the Minute of 3rd November, which is quoted by the Comptroller and Auditor General, and which has been laid before the Committee; that is to say, that in the first place liabilities should not be incurred at all unless there is a prospect of being able to meet them, but that if they are incurred, postponement is preferable to excess. The question is a much wider one than might perhaps appear from the few instances which the Comptroller and Auditor General has selected. In point of fact, it touches a very large class of payments, extending over almost all the Estimates, which are based upon an average of expenditure. Whenever an Estimate is based upon an average of expenditure, it is because the payments vary from year to year, they may be more one year than another. In such cases it is always possible that a rush of claims may come in at the end of the year which could not be met without causing an excess

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Mr. KEMPE, Mr. RYAN, C.B., and Mr. STONEHAM.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

Vote 35.—Household of the Lord Lieutenant of Ireland—*continued*.*Chairman—continued.*

excess upon the Vote. In such Votes, for instance, as that for the Wreck Commission, or for Tonnage Bounties, you may have a large batch of claims coming in at the end of the year, and if we find that we cannot meet them all, we postpone some of them to the next year; and in the converse case, if we find that a large surplus is likely to accrue on the Vote, we call up all the payments we can, in order that the Vote may not be wasted. We should regard it as the duty of an Accounting Officer to finance the Vote in that way, so as to economise the grant of Parliament.

743. Would it be possible for the Accounting Officer to state in the accounts that are rendered to Parliament, not only the amount which is expended, but also the amount of liability which he has incurred, in regard to which payment is due which he has not yet made?—Yes, no doubt he could do that.

744. So that the account presented to Parliament would not only show the expenditure, but also the liability incurred and not yet paid, that is to say, the money liability for payment accrued due but not yet paid?—No doubt he could state in the account what liabilities there were remaining upon the Vote undischarged, so far as he is aware, that is to say, what he purposed to postpone; he could not say absolutely what his liabilities were.

745. Could he say what liabilities had accrued which he postponed, which would have been paid but for want of funds, and which therefore he intentionally postponed?—Yes. In the cases I have mentioned we get claims which we cannot foresee, and can only provide for them in the Estimates by an average; but if it were necessary to run no risk of incurring excess, we should have to ask Parliament to make larger Votes in order to ensure the whole of the liability being covered. Perhaps I might be allowed to read a Memorandum upon this subject, which has been drawn up in the Treasury, which explains the policy of the case from the Treasury point of view.

746. Will you please read the Minute?—"I think the position taken by the Treasury on this point is unassailable. To illustrate the fallacy of the contention which the Comptroller and Auditor General adopts. Suppose that a man's income consists of a certain but strictly limited annual allowance, and that at the end of a year he finds that he has spent his allowance, but has incurred debts which in ordinary course he ought to have met within the year, how is it possible for him to pay? He has not a sixpence of his own left. It may be indeed that he is a trustee in respect of money belonging to some one else, and in that case no doubt he may, by improperly using that fund, discharge his own debts. Common sense, however, says that in the one case it is simply impossible, and in the other absolutely wrong and illegal, for him to discharge his liabilities within the year, and that his only course is to meet such improperly or imprudently incurred liabilities out of his next year's income. In the case of public

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## APPROPRIATION ACCOUNTS—Class II.

Vote 35.—Household of the Lord Lieutenant of Ireland—*continued*.*Chairman—continued.*

money sound policy also strongly supports this view, even if the common sense of it were less clear. The Comptroller and Auditor General states that the Treasury ruling would 'tend to diminish effective Parliamentary control,' but the Treasury directly joins issue as to the accuracy of this statement, and assents that, on the contrary, the course suggested in opposition to the Treasury view is itself in conflict with the principle upon which Parliamentary control over the funds placed at the disposal of public departments is based. Under the Treasury view a postponed payment will necessarily fall upon the next year's grant of the Department (the Estimate for which is before Parliament at the time when the postponement occurs). The Department will accordingly, and properly, find itself obliged to economise by so much in its next year's ordinary expenditure, or else it must go to Parliament to supplement its grant for that year. In the first case (that is if it economises) the aggregate grants of the two years will not have been exceeded, and Parliament will not have been financially damaged; while in the other event (that is if it asks for a Supplementary Estimate) Parliament will be free to grant or to refuse additional funds before actual expenditure takes place. But under the view of the Comptroller and Auditor General, the Department will obtain its full two years' grants, plus the excess which it should not have incurred, without giving Parliament any virtual option in the matter, because practically Parliament cannot help but find the money when the payments creating the excess have actually been made. Putting on one side, then, the consideration first noticed, that a man without money cannot pay his debts, and that he sins more by appropriating other people's money for the purpose than by pledging his future income and making his creditors wait, which alternative is the least mischievous from the Parliamentary point of view? Surely that which best enforces the important principle of precedent financial control over the spending power of the Departments, and visits such sins of the Departments upon themselves instead of upon the Exchequer and Parliament. The Comptroller and Auditor General quotes the opinions expressed in the Reports of the Public Accounts Committees in 1877 and 1878. The Treasury at the time distinctly intimated its reluctance to adopt the views of the Committee without further consideration, and accordingly no instructions have ever been issued to the Departments in the sense of those opinions. In the Treasury Minute of 25th September 1878, upon the Committee's Report of that year, the following passage occurs: 'Their Lordships hesitate to accept, without explanation, the view taken by the Committee as to the discharge of liabilities in excess of the grant within the year, but as the matter is somewhat intricate they will reserve opinion for another occasion.' The subject has not since come to the front, or been dealt with,

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until

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Mr. KEMPE, Mr. RYAN, C.B., and Mr. STONEHAM.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

Vote 35.—Household of the Lord Lieutenant of Ireland—*continued.**Chairman*—continued.

until last year (in the Minute of 3rd November 1885) when the Treasury placed on record the opinions now challenged by the Comptroller and Auditor General, which we submitted for the consideration of the Committee. The Treasury it will be noticed entirely agrees that postponement of expenditure incurred should be brought to the notice of Parliament, and that the Comptroller and Auditor General should call attention to any such cases. But he says that he may be unable to detect them; then, of course, he could not undertake to report to Parliament upon the observance or otherwise of any rule on the subject which may be laid down."

*Mr. Jackson.*

747. Could not this matter have been dealt with in a Supplementary Vote?—No, it could not; it would not be discovered until after the time for presenting Supplementary Estimates was passed.

748. You mean as to the date of this particular item?—Yes; the same difficulty would of course occur with regard to the large class of payments that I mentioned; we do not find out until the last moment that a large number of payments will come in.

749. Then the Treasury view is that it is economical rather to postpone the amount of liability and to charge it on the next year, than to, even if possible, obtain a Supplementary Grant in the current year?—No; we should always insist upon a Supplementary Estimate, where possible. I spoke from the point of view of economising Votes in Parliament. Next year we must provide as much as is usually spent in the year; and it is better to spread over a number of years an even payment averaging the ordinary expenditure, rather than to pay all claims each year, and for the next year ask for the same amount as we should have to do.

750. Supposing this money had been paid within the year, thereby enlarging the payment on the current year beyond the Estimate, would that have had a tendency to increase the Estimate for the succeeding year?—The tendency would be to diminish it; but it would be a question whether it were wise to do so, because you cannot tell that next year there may not be the full number of claims up to the average. Moreover, the new Estimates are prepared in December, and these facts do not come into possession until March.

*Mr. Ritchie.*

751. What do you understand by the term used in the Report of the Comptroller and Auditor General, "No Department ought to incur liabilities;" what do you understand by incurring liabilities?—Ordering supplies with the eyes open, knowing that there would not be money to pay for them.

752. The moment a contract is entered into, a liability is incurred, is it not?—Yes.

753. Are you aware that in some of the

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spending departments it is necessary to enter into contracts for the succeeding year, even before the old year is finished?—Yes.

754. It is, is it not, the peculiar nature of the sort of stores required, which necessitates a contract being entered into for the succeeding year, even before the past year has terminated?—Yes.

755. That is incurring liability, is it not?—Yes. No doubt the system would have great effect in the Army and Navy.

756. Speaking of the Navy, of which I know something, there is a certain time of the year at which it is necessary to enter into your contracts for your supplies, and that may be before the expiry of the year, although the supplies are only wanted for the next year, may it not?—Yes.

757. That would be incurring liabilities?—Yes.

758. You would not contend, would you, that it would be possible, or desirable, or even necessary, to lay before Parliament, a full account of those contracts which were entered into in the previous year?—I think not; I should not contend that.

759. In fact, would it not practically be almost impossible to carry out the position sketched out by the Comptroller and Auditor General?—I think it would land us in all kinds of difficulties, and would require a great and radical change in the mode of estimating.

760. But, on the other hand, where the stores were actually received in the year, you do not pretend that payment ought, with their eyes open, to be postponed until the succeeding year, do you?—I think we should say so, if it would cause an excess on the Vote.

761. Supposing that the stores had actually been delivered, "so that payment had actually accrued due," would it be wrong to receive goods which, with their eyes open, the Department on receiving them knew could not be paid for in that year, making no statement at the end of the year that those stores remained unpaid, for that would be wrong, would it not?—I do not feel able to answer that.

762. I will put it in this way, for instance; take the case of the Navy, where there is a regular stocktaking kept of the state of the stores at the end of the financial year, would it not be wrong that stores should be taken into account in the stocktaking on the 31st March which had not been paid for?—I think it would; but I have not considered the point.

*Mr. Jackson.*

763. Or which were not to be paid for?—Yes.

*Mr. Ritchie.*

764. Which had not been paid for at the end of the year; that would clearly be irregular, would it not?—I think so; I think that would be the Treasury view.

765. The

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Mr. KEMPE, Mr. RYAN, C.B., and Mr. STONEHAM.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

Vote 35.—Household of the Lord Lieutenant of Ireland—*continued.*

Mr. Rylands.

765. The honourable Member has asked you as to your understanding of the passage in the Comptroller and Auditor General's Report with regard to incurring liabilities in excess of the funds placed at its disposal; do not you understand that to mean that the Department ought not to incur liabilities which would come in course of payment within the financial year, without having funds at its disposal to meet them?—Certainly.

766. From the fact, then, of the Department expecting to require, say in the course of April, a delivery of certain stores to the Navy for instance, and having entered into agreement with certain individuals for the supply of those stores after the 31st of March, in the course of April, and therefore to that extent having incurred the liability, you would not say, would you, that it had incurred such a liability as that which you consider to be indicated by the Report of the Comptroller and Auditor General?—No, I should say not.

767. I presume, therefore, that although your contention is rather a wide one, you would not carry it to this extent; that a Department would be authorised to postpone the payment of the liabilities incurred within the financial year, simply with a view to prevent a Supplementary Vote?—No.

768. As I understand, the Treasury wish to restrict the Excess Vote?—Yes.

769. That is to say, if a Vote has been exceeded, under circumstances which rendered the Department unable to foresee that such an excess would be created, the Treasury would think that, as a matter of convenience, it is better, instead of an excess being made, that the payment should be cleared out of the next year's income?—Certainly.

770. And do you think also that there should be, if possible, a report to Parliament that that excess had been evaded in that way?—Yes, we should see no objection to that.

771. That report would show that the expenditure had been incurred at such a time of year, which would render it impossible to prepare a Supplementary Estimate?—That is the point. We should never allow a payment to be made in excess for which a Supplementary Estimate could be taken.

Mr. Arthur O'Connor.

772. Do you admit that this liability of 55 l. 5 s. was fully incurred within the year?—It was fully incurred within the year.

773. What would you say is the object of an Excess Vote?—It is to meet inevitable excesses that could not have been avoided by any means.

774. Excesses actually incurred, you mean?—Yes.

775. Would you say why the plan of postponing payment to the next financial year should not always be adopted, and so avoiding Excess Votes altogether, just as in this case the Excess Vote was avoided?—In many cases you cannot

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## APPROPRIATION ACCOUNTS—Class II.

Vote 35.—Household of the Lord Lieutenant of Ireland—*continued.*Mr. Arthur O'Connor—*continued.*

foresee that. An excess may arise through a Sub-Accountant. Before all the accounts relating to the Vote are brought into the Department, you cannot always tell whether there will be an excess or not; in many cases it is due to a Sub-Accountant's expenditure not having been fully foreseen.

776. If the plan which was adopted with regard to this particular item were adopted in all cases, it would be possible to avoid an Excess Vote altogether, would it not?—I think not; we cannot tell what payments are outstanding in many cases; we can but guess or make an approximate estimate of what are outstanding from what have been met.

777. What I mean is this: if in view of the prospect of an Excess Vote, the Accounting Department deferred payment, so as to avoid it in any case, would it not be able to include the liability in the Estimates in the following financial year?—Not when it has actually come in course of payment; when a payment has actually been made before by a Sub-Accountant, without the knowledge of the Department, it must be charged to the Vote; there is no evading that.

778. But in respect of the whole of the Vote, it would not particularly matter what item was deferred; as long as you have certain payments which you may defer, then whatever unforeseen expenditure takes place, if the Department desires to prevent an Excess Vote being taken, it can do so by deferring some other of the payments to the following financial year?—I do not think it often could very well do so; and, as I have explained, in many cases it is impossible.

779. Where it is impossible you have an Excess Vote?—Yes.

780. Where it is possible you would avoid an Excess Vote by adopting the plan which was adopted in this case?—Yes.

781. And is that a deliberate view of the policy of the Treasury?—Yes, broadly speaking, I should say so.

782. Is that followed in all cases?—Yes, where good cause is shown.

783. Is it a common thing, then, within the knowledge of the Treasury, that payments are deferred?—I think it is common in such cases as I have referred to.

784. In order to avoid an Excess Vote?—Yes, in order to avoid an Excess Vote; you may say that it is with a view to keeping the expenditure evenly spread over different years.

785. Is that the traditional and well established policy of the Treasury?—Yes, certainly.

Mr. Magniac.

786. Will you turn to page 192, on which there is a letter from the Treasury of the 12th October 1885, in which the bill of 55 l. 5 s. for emblazoning the arms of the Knights of Saint Patrick, as being paid and charged; that has reference to the preceding letter printed above it of the 3rd of October, and in the last paragraph but two of that letter, it is stated, "Their Lordships are

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Mr. KEMPE, Mr. RYAN, C.B., and Mr. STONEHAM.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

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aware of the serious public considerations that are involved in a procedure that would lead to a deficit"; was not that deficit created not by the procedure but by the fact of spending more money than they had got previously?—It was created by incurring liabilities.

787. Then it is not the fact that the procedure led to the deficit, but the act of spending money led to it?—Yes.

788. Was it the view of the Treasury that the fact that that was an exceptional and contentious Vote affected their action?—I think not. I do not think that remark of the Irish Office has influenced the judgment of the Treasury.

789. The Treasury do not seem to have taken exception to that statement?—No, they have not noticed it in their answer.

790. And you think that the fact that it was a particularly contentious Vote has not affected their action at all?—No, I think not; we have laid the principle down as it was accepted before.

791. As a general principle is it the practice of the Treasury to defer payment if they had exceeded expenditure?—Yes. Of course this is an exceptional case; it is reducing the case rather to an extreme, to split a charge into two halves; but it is not contrary to our rules, and therefore it was allowed.

Mr. Lane.

792. Do all the different Departments clearly understand that the Treasury wish to avoid this excess of expenditure over the Estimates?—I think it has been understood.

793. Has it ever been officially conveyed to them?—There has never been a general circular issued to instruct Departments in that sense; they have been told over and over again not to exceed their Votes.

794. A Department, perhaps, would know that the Treasury would sanction the expenditure, when they looked in their Votes to see what they would spend?—They would know it was the recognised principle.

Mr. Jackson.

795. In the answer which you gave to Mr. O'Connor you said that it was customary for the Treasury, and that the Treasury approved of the postponement of payments of this kind, and you rather from your answer led us to think that there might be numerous cases of that kind. I want to ask you this question: would such postponements in all cases come under the notice of the Comptroller and Auditor General, and would he draw attention to them as he has done in this case?—No, I think they would very rarely come under his notice at all. I think he might find them out, and might notice some of them if he went into the Votes throughout with that object. It is a case that constantly happens; there are cases of postponement, I should think, in the very large majority of Votes in one form or another.

## APPROPRIATION ACCOUNTS—Class II.

Vote 35.—Household of the Lord Lieutenant of Ireland—*continued*.

Mr. Arthur O'Connor.

796. That is, to avoid Excess Votes?—Yes.

Chairman.

797. (To Mr. Ryan.) Do you wish to add anything to what is stated in your Report in consequence of this evidence?—I do not wish to add anything to what is stated in the Report, but I would wish to guard myself against accepting the Treasury Memorandum that has been read, which I was not able to follow. If it is to be the practice to put in Treasury memoranda of this sort, stating what the view of the Comptroller and Auditor General is for him (which I do not think is accurately stated), I think that those memoranda should be sent to him first, and that he should have an opportunity, if necessary, of putting in counter memoranda. I do not approve of the method of putting memoranda before the Committee; it is a practice which I never adopt myself. I do not think it is fair to put in a memorandum stating the views of the Comptroller and Auditor General, and then calling upon me to say whether I have anything to say to it offhand.

798. I understood the statement to be an addition on the part of the Treasury to Mr. Kempe's evidence; I do not understand it to have been put in as a memorandum in the sense in which you seem to take it?—Barring that, that I do not admit the memorandum, not having had an opportunity of considering it, I do not wish to add anything to what has been already said.

## ON VOTE 38.

## LOCAL GOVERNMENT BOARD, IRELAND.

Chairman.

799. (To Mr. Kempe.) Are you able to give any further information respecting the arrears due from the local authorities in Ireland?—No, I have no information at present with regard to that.

800. In the Report of the Committee on Public Accounts last year, it is mentioned that there are arrears now due to local authorities amounting to 1,817 l.?—We have had no information since the Report; I have no further information to give.

Mr. Jackson.

801. You do not know what the amount of arrears has been?—No, that has not come before us again.

Chairman.

802. Then no explanation can now be given as to why the arrears is necessary?—Nothing beyond what was given before.

803. But the Committee of last year thought that was insufficient; could any witnesses from Ireland give us any explanation about that?—I think the answer which has been given in the note to the account, is probably as much as they could give; it is at page 200. "It is evident therefore that at any

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Mr. KEMPE, Mr. RYAN, C.B., and Mr. STONEHAM.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

Vote 38.—Local Government Board, Ireland—  
*continued.**Chairman—continued.*

any given period there must always be a certain amount outstanding and unseasonable efforts to reduce the normal extent of this indebtedness by pressing for immediate repayment of each item, would probably have the effect of embarrassing and discouraging the local authorities in the discharge of the duties and responsibilities imposed upon them by the Legislature." That note is added in accordance with the Treasury directions in the Minute upon the Report of the Committee on Public Accounts of last year.

804. I see that in the Treasury Minute upon the Report of the Committee on Public Accounts last year, there is a letter addressed by the Treasury to the Secretary of the Local Govern-

## APPROPRIATION ACCOUNTS—Class II.

Vote 38.—Local Government Board, Ireland—  
*continued.**Chairman—continued.*

ment Board, transmitting a copy of paragraph 27 of the Second Report of that Committee, and requesting that the Local Government Board (Ireland) should be moved to consider whether any plan could be adopted to prevent the accumulation of arrears due by local authorities, and asking that any further explanation with respect to the arrears should be annexed to the Appropriation Account of 1884-5, as suggested by the Committee; has that been done?—This note is the answer to that.

805. And beyond that paragraph to which you called my attention, there is no further explanation given by the Local Government Board (Ireland) with respect to those arrears?—No.

## On VOTE 16.

## LOCAL GOVERNMENT BOARD.

Mr. HUGH OWEN, C.B., called in; and Examined.

*Mr. Magniac.*

806. (To Mr. Owen.) WITH regard to Sub-Head U, of this Vote, there is an explanation on page 134; may I ask by whom the certificates of meritorious vaccination are given; on what authority?—One of the medical inspectors of the Board visits the district, and usually is present when the public vaccinator is vaccinating; in addition he visits a certain number of the children who have been vaccinated, and on the results of the inspection he makes his recommendation as to whether or not an award should be made. His report is submitted to the medical officer of the Board, and if he concurs in the recommendation of the medical inspector the award is made.

807. The expression here is "the number of cases of meritorious vaccination;" he does not certify for each case, I presume?—In each case where an award is made to the public vaccinator, he certifies.

808. Does he certify to each individual case of meritorious vaccination?—No; a certain number of cases would be inspected by the inspector, with a view to his forming an opinion as to the cases generally; and if the result were satisfactory, then the award would be at the rate of one shilling for each case successfully vaccinated; not for each case he has seen, but for each case that is registered.

809. For each case supposed to be successfully vaccinated?—Yes.

810. Would it not be more accurate to make that explanation a little more general; as it is read now, it is an assertion that there is an amount paid for each case meritoriously or successfully vaccinated; it is not the case, as I understand, in fact it is not possible for the inspecting officer to visit every case, and therefore he takes it as a sort of average?—I have no doubt that some verbal

0.69.

*Mr. Magniac—continued.*

alteration might be made in the explanation on another occasion, in order to meet any question of that kind.

811. My reason for asking you the question is this: it is asserted that medical officers are paid for having successfully vaccinated children who in fact have not been successfully vaccinated, and this explanation seemed to support the contention on the opposite side that each case is inspected?—It is not intended to convey that impression; but unless we believe that the cases have been successfully vaccinated, we should not be justified in making any award at all, because the statute only authorises the award in those cases.

812. I understand that; but another time you think it would prevent comment, if the wording were so stated that they would not lead to criticism, as at the present time you are aware that it does?—Yes.

*Mr. Lane.*

813. On page 135 there is a note stating that one of the inspectors received, in addition to his salary, 829 l. 0 s. 8 d. as private secretary to the Lord Lieutenant; was he discharging his local government duties in London or England whilst he was occupying that position?—No, he was not, although he continued on the staff of the Board. I remember the note generally. The sum which you mentioned was not, I think, for his own personal services only.

814. Would not the appointment of a substitute for him lead to the excess of the Vote on Salaries?—No; no substitute was appointed, but an arrangement was made for the performance of his duties as inspector by others of the staff.

815. Do you know what was the salary of the particular inspector who went as private secretary

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7 April 1886.] Mr. KEMPE, Mr. RYAN, C.B., Mr. STONEHAM, and Mr. OWEN, C.B. [Continued.]

# APPROPRIATION ACCOUNTS—Class II.

Vote 16.—Local Government Board—continued.

Mr. Lane—continued.

tary to the Lord Lieutenant?—Do you mean as one of our inspectors?

816. Yes?—I think it was 600 l. at the time.

Mr. Magniac.

817. How was this 829 l. distributed then; on page 135, the note is “Another inspector received, in addition to his salary under Sub-Head A., 829 l. 0 s. 8 d. \* \* \* \* as private secretary for himself and clerks;” did he receive that from the Vote for the Household of the Lord Lieutenant?—We have no information as to how the sum was divided; it was a payment in Dublin.

818. Was he acting as private secretary to the Lord Lieutenant?—Yes, he was acting as private secretary to the Lord Lieutenant during that time.

[Mr. Hugh Owen withdrew.]

## On VOTE 6.

### COUNTY COURTS.

Mr. HENRY NICOL, called in; and Examined.

Chairman.

823. (To Mr. Nicol.) HAVE you any explanation to give of the payment of 10 l. 10 s. to an officer of the county court of Wrexham for acting as interpreter, which the Comptroller and Auditor General reports to have been in excess of the rate sanctioned by the Treasury?—There was at the court at Wrexham a man who was usher, and knowing Welsh he was employed as interpreter; therefore he received a larger sum than he would have done as usher. When the judge of the circuit in which Wrexham was, asked that he might have interpreters at his other courts, he also mentioned this one, and proposed that they should have what was the usual price paid in other circuits, namely, 15 s.; therefore the examiner of accounts, or the auditor, a clerk who goes round, allowed in the registrar's accounts the 10 s. for the usher, and the 15 s. as the new allowances for the interpreter, by misadventure. That was a mistake which the Comptroller and Auditor General found out, and is to be recovered.

824. You admit it to be a mistake, and it will be recovered?—Yes.

825. (To Mr. Ryan.) Is that explanation quite satisfactory to the Comptroller and Auditor General?—Yes.

826. (To Mr. Nicol.) Then there is the old case of the Deal and Sandwich County Court; have you anything to say upon that?—I am happy to inform the Committee that the old registrar has retired, and the Comptroller and Auditor General will not be troubled with that again.

827. And the law will no longer be broken as it has been for so many years past by this individual?—That is so.

[Mr. Nicol withdrew.]

# APPROPRIATION ACCOUNTS.

## CLASS III.—On Vote 4.

### SUPREME COURT OF JUDICATURE.

Chairman.

819. (To Mr. Kempe.) Why was the Treasury authority given to pay a salary to Mr. Crookshank at a rate in excess of the scale fixed by Article XIII. of the Order in Council of the 12th February 1876?—That was, I think, by inadvertence; the Treasury admit that it was wrong, and ought not to have been sanctioned; but the time is close at hand when the error can be rectified, and the Treasury thought it best to leave it at present.

820. Then the Treasury do admit that it was a mistake?—Yes.

821. And will it be rectified?—Yes. It was thought that it would be hard upon the officer in question to go back upon the decision under the circumstances.

822. (To Mr. Ryan.) Is that explanation satisfactory to you?—Yes.

## On VOTE 9.

### POLICE COURTS, LONDON AND SHEERNESS.

Chairman.

828. (To Mr. Kempe.) Are the Treasury satisfied with the reply of the Secretary of State that no change can be made in the system of exacting an estreated bail?—Yes, they are satisfied. The Secretary of State has given an explanation in a letter on this question, which is as follows: “The Secretary of State has, however, caused directions to be given to the clerks of the various police courts to be specially on the alert in requiring warrant officers to render account when they receive any unusually large sums, and in case of any apparent irregularity, to communicate at once with their superior officers, and the Receiver of Police.” The Treasury thought that that assurance would be sufficient.

829. (To Mr. Ryan.) Have you anything to say upon this point?—No.

Mr. Jackson.

830. (To Mr. Kempe.) Is there any regular period for rendering accounts by these warrant officers?—These are exceptional cases. Such officers do not, as a rule, receive money, and there is a regular check in most cases.

Chairman.

831. Do you mean in the case of warrant officers generally, or in the case of this particular officer?—I mean that the case of this particular officer is exceptional.

Mr. Arthur O'Connor.

832. Who does receive the money usually in the case of estreated bail?—It should be paid to the court.

833. By

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Mr. KEMPE, Mr. RYAN, C.B., and Mr. STONEHAM.

[Continued.]

## APPROPRIATION ACCOUNTS—Class III.

Vote 9.—Police Courts, London and Sheerness  
—continued.*Chairman.*

833. By the person whose bail is estreated?—Yes; it is recovered by the warrant officer, and he has to account for it to the court.

## APPROPRIATION ACCOUNTS—Class III.

Vote 9.—Police Courts, London and Sheerness  
—continued.*Mr. Jackson.*

834. It is recovered on the order of the court, is it not?—I presume so.

## ON VOTE 12.

## CONVICT ESTABLISHMENTS IN ENGLAND AND THE COLONIES.

Colonel Sir EDMUND F. DU CANE, K.C.B., called in; and Examined.

*Chairman.*

835. (To Sir Edmund Du Cane.) CAN you explain to the Committee why the sum of 3417. 13s. 2d., on account of expenses in connection with the purchase of land at Dover, is not specially shown on the Appropriation Account?—I think it must be part of the arrangement that was made before we put down an item for land separate from the item of buildings.

836. But was not your attention directed to the Report of the Public Accounts Committee last year, in which they said that there should have been a new sub-head for the purchase of land for convict establishments?—I think it must have been done before we got that instruction.

837. Have you been directed by the Treasury to show the expenditure specially. I think you have received directions from the Treasury to bear in mind, in preparing future estimates, the recommendation of the Committee, that separate estimates shall be opened for the purchase of land?—Yes.

838. Will that be done in future?—Yes.

839. Would it be possible for the abstract statements of the Manufacturing Accounts of Convict Prisons to be rendered to the Comptroller and Auditor General's Department somewhat earlier?—I doubt whether it can be rendered earlier than it is. I do not quite know at what date it was sent in; but I think that all our convict accounts, as matter of fact, are sent in as early as they can be.

840. But why should not the accounts of other convict establishments be sent in as early as those for the prison at Wormwood Scrubs?—I cannot answer that question; there is a great deal of arrangements with regard to the transfer between the different prisons, and the bills that come in; and I think within a few weeks after the end of the year the whole of the accounts are sent in.

841. Have you observed the remark of the Comptroller and Auditor General, that the final loss incurred in respect of the farm at Broadlees ought to have been shown as part of the cost of obtaining the site?—Yes, and I do not at all agree with that.

0.69.

*Chairman—continued.*

842. Why not?—I think that that was a loss on the operations of the farm. We represented the case to the Home Office, and to the Treasury, and they agreed with us that it ought to have been shown as it has been shown.

843. But would the convict department engage in farming operations except for the purpose of acquiring a site?—We should not have acquired the land except for the purpose of acquiring the site; but having got it, we have to work it, and whether we gained or lost it would have to be charged to farm operations. If we had gained by our farm that year it would not have been deducted off the cost of the site, and it goes on every year. It is the same as the rent that comes in as an extra receipt.

844. All your other farm accounts are in relation to farming carried on by convict labour, are they not?—Yes, they all are.

*Sir Walter Barttelot.*

845. You could not possibly, could you, in any way have put that account to the cost of the site?—Certainly not; that was not the cost of the site at all; it was the cost of the crops in the ground, and of the stock which we had to take over before we could transfer it to a new tenant.

846. And you also took a certain portion of the farm for your own purposes, and you relet the other portion of the farm as soon as you were able?—Yes.

847. You think that is a totally different transaction from that of the purchase of the site, which was for one particular purpose?—Certainly it was.

*Chairman.*

848. (To Mr. Ryan.) Have you any observation to make upon that?—If you exclude this, you do not really get at the cost of the purchase of the land, and of that which is part of the transaction, the taking over of the farm; and if you place it under the farm for convicts, you do not show it at all in the accounts; you conceal it; it is not within the ordinary convict operations at all; it is really a transaction connected with and involved in the purchase of the land.

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849. But

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Mr. KEMPE, Mr. RYAN, C.B., Mr. STONEHAM, and  
Sir E. DU CANE, K.C.B.

[Continued.]

## APPROPRIATION ACCOUNTS—Class III.

Vote 12.—Convict Establishments in England  
and the Colonies—*continued*.*Sir Walter Barttelot.*

849. But supposing it had been the case that a profit had been made, you would not have put it in reduction of the cost of the farm?—That would have gone to the Exchequer; the proper way would have been to show it separately, and not to conceal it under the ordinary operations of the convict department.

850. You mean that it should have been separately accounted for?—It should have been shown.

*Chairman.*

851. (To Mr. Kempe.) What is the view of the Treasury on this point?—We think that the amount should have been separately stated; it might have been more correct to have treated some part of the expenditure as capital; but it would be difficult to separate capital from ordinary expenditure; and we thought it was rightly charged as it was, excepting that it would have been better to have put it separately, and to have shown it distinctly upon the account. I do not think we held that it should go as part of the cost of the site.

*Sir Walter Barttelot.*

852. (To Mr. Ryan.) It would have satisfied you, would it not, if it had been stated separately?—Yes.

*Chairman.*

853. (To Sir Edmund Du Cane.) I daresay that might be done in future?—Such a thing as that may never happen again; the Treasury gave us their authority for its being charged in this way, and therefore there is no irregularity in it.

On VOTE 13.

## PRISONS, ENGLAND.

*Chairman.*

854. (To Sir Edmund Du Cane.) Are the facts correct as stated in the Comptroller and Auditor General's Report respecting the matron of Huntingdon Prison?—They are.

855. Why was so long a leave of absence given in this case?—The reason of it was this: we foresaw, about June in the year 1884, that we should probably before very long close Huntingdon Prison. There happened at that moment to come a vacancy for a governor, and therefore we took advantage of that to transfer the governor of Huntingdon Prison to that other prison where the vacancy was.

856. Was that at Carlisle?—Yes; the governor's wife happened to be matron of Huntingdon Prison, and she was obliged naturally to go with him; but there was no vacancy for a matron at Carlisle to which she could be transferred; therefore we gave her leave of absence pending the settlement of the matter, which was delayed rather longer than we thought it would be, even

## APPROPRIATION ACCOUNTS—Class III.

Vote 13.—Prisons, England—*continued*.*Chairman—continued.*

after it was approved by the Secretary of State; on account of the local authorities making some remonstrance, it was postponed further; and when it was finally settled, the matron was obliged to have regular and proper notice, and that spun out her period of leave of absence longer than we expected.

857. Have you any use for the lady in question at Huntingdon during the period?—We should have employed her at Huntingdon, but the number of females was being reduced at Huntingdon; so we carried on the business perfectly well by the officer under her.

858. At what date did you intend to close Huntingdon Prison?—The Secretary of State gave authority to close it in December, and the period of closing was then fixed for February. Of course if we had proceeded in quite the regular manner we should not have moved until the prison was closed; then the result would have been that we should have had to abolish the office of governor, and pension him, and then he would have been a charge on the public for doing nothing; therefore it was really from our taking care of the public interests that this happened.

859. Ought not the direct authority of the Home Office to have been obtained for such unprecedented leave as that?—If we had known that it was going to be so long, we should have done so; but it went on and on without our knowing when it was coming to an end. After a while we ought to have applied for authority, but it slipped our notice.

860. Unfortunately you did not apply for authority until some considerable time?—Until our attention was called to it, and then we reported the matter to the Secretary of State, to get what is called a covering authority, which was granted.

*Mr. Magniac.*

861. With regard to this productive labour account of stores issued to the prison department, can you tell me how the cost of those stores is estimated?—I think it is now put at the cost price of the stores. There has been a Committee of Accounts which has been examining into these things, and settling how they ought to be charged, and they are more acquainted with the mode of valuing than I am. At first the valuation of them was at the selling price; but I believe now it is settled that it is more in order that it should be at the cost price.

862. Is there anything included in that charge for the labour of convicts?—No, when it is at cost price, certainly not.

863. And you think that is the practice now?—Yes.

864. You are not quite sure, are you?—I am not quite certain what it is in this particular account, but I think I may say that, from the 1st of April onwards, it will be the cost price.

865. This surplus would depend very much, would it not, upon the amount of labour there

was

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Mr. KEMPE, Mr. RYAN, C.B., Mr. STONEHAM, and  
Sir E. DU CANE, K.C.B.

[Continued.]

## APPROPRIATION ACCOUNTS—Class III.

## Vote 13.—Prisons, England—continued.

Mr. Magniac—continued.

was included in it?—The way in which it is done is by adding a certain arbitrary per-centage on to the cost of things to cover the necessary outgoings that cannot be brought to book in each year. We put on 5 per cent. now; we must cover our expenses, but we put as little as possible on to things transferred to the prison.

866. They are mere questions of transfer; but they make the account look very much better if the per-centage is put on in that particular way?—There always was, in the Profit and Loss Account, a per-centage for transfers, only now we have lowered the per-centage so as to leave as little as possible of what you might call arbitrary profit.

Mr. Seely.

867. If you had kept the Governor at Huntingdon until the prison was closed, what would his pension have been?—I cannot tell the amount of his pension until I know what his actual service would have been.

868. About how much would it have been?—I cannot tell you; it depends upon what his salary was at that moment, and I do not know that straight off. Of course it would have been on the usual Civil Service scale.

869. You say that in the regular course it would have been a very much larger amount than you paid for the leave of absence to this matron?—Yes, it would have gone on for ever.

870. And you think that you should not be blamed for your foresight?—No.

871. If you had taken the usual course you would have heard nothing about it?—Just so.

Mr. Magniac.

872. With regard to the last line on page 254 of the Estimates, it does not appear where these figures came from, "Productive Labour Department Receipts, 99,561 l. 0 s. 11 d.; Payments, 65,358 l. 17 s. 6 d.; Excess of Receipts, 34,202 l. 3 s. 5 d." Do you know where the figures come from?—From the account kept of outgoings and incomings.

873. That does not agree with the account in Vote 13, does it?—It has nothing to do with the account Sub-Heads, except that some portion of them come out of the items.

Chairman.

874. (To Mr. Ryan.) Have you anything further to say about these figures?—I have nothing further to say; the matron's salary was an unauthorised payment when it first came before our notice, and the Treasury specially drew our attention to it as a point which they thought ought to be noticed and brought before the Public Accounts Committee.

[Sir Edmund Du Cane withdrew.]

0.69.

## APPROPRIATION ACCOUNTS—Class III.

## On VOTE 20.

## LAW CHARGES AND CRIMINAL PROSECUTIONS (IRELAND).

Mr. Arthur O'Connor.

875. (To Mr. Ryan.) What amount of audit does this Vote get; how, for instance, do you audit "Fees to Counsel" in Sub-Head F.?—"Fees to Counsel" would come to us in a statement with the Solicitor's bill that so much had been paid out, and we should take it upon that statement of the Solicitor's bill, taxed where it is necessary to be taxed.

876. Then you have no acknowledgment from the Counsel?—Not ordinarily; sometimes we have.

877. Then you assumed the bill having been taxed, that the Taxing Officer had seen to this detail. This is exclusively an item of "Fees to Counsel;" it is a separate item by itself, and therefore would require a specific audit; but you have no receipt for that?—I am speaking from memory, but I think that is so in England, but perhaps not in Ireland. If you will allow me I will inquire into the matter, and let you know more specifically the exact evidence we get.

878. Then there is another item. Under the heading of "Extra Remuneration," on page 287, it is stated, "In the case of the Attorney General a sum of 42 l. from Escheated Estates was paid;" are you able to audit such a thing as that?—No, we do not know anything about that; it is a statement of the Accounting Officer.

879. The Accounting Officer is not here, is he?—No.

The consideration of this Vote was postponed.

## On VOTE 26.

## THE IRISH LAND COMMISSION.

Chairman.

880. (To Mr. Kempe.) I do not quite understand the account on page 300 of the Estimates; whether the sum of 1,304 l., which is the excess of the contribution from the Irish Church Fund over the Estimate, was appropriated in a Supplementary Estimate or not. I have the word "Supplementary Vote" against it?—No, it was not voted; but, except in that respect, the account is stated quite rightly, and, as Mr. Ryan will, I think, admit, exactly in the same way as the statement of his own Vote by the Comptroller and Auditor General. The amount spent, less than granted, was 9,176 l. 17 s. 8 d.; that would be surrendered to the Exchequer. The contribution from the Irish Church Fund was greater than was originally estimated by 1,304 l., and that sum also would be surrendered to the Exchequer.

881. Do you not concur in the view of the Comptroller and Auditor General and the Public Accounts Committee, that in fact in a case of this kind the sum of 1,304 l. has been appropriated in Aid of the Grant without the authority

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of

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Mr. KEMPE, Mr. RYAN, C.B., and Mr. STONEHAM.

[Continued.]

## APPROPRIATION ACCOUNTS—Class III.

Vote 26.—The Irish Land Commission—*cont<sup>d</sup>*.*Chairman—continued.*

of Parliament?—No. This form of account carries out the intentions of the Public Accounts Committee; it is exactly as they wished it to be; I think Mr. Ryan would admit that the surplus should not be paid into the Exchequer as an extra receipt, but surrendered as a surplus on the Vote.

882. Am I not right in saying that in 1883 the Public Accounts Committee recommended that in a case of that kind any surplus should be surrendered as an extra receipt, and ought not to be appropriated in aid of the grant without the authority of Parliament?—It should have been voted, no doubt; but not having been voted it has been rightly treated. It has not been appropriated in aid, but surrendered to the Exchequer, and has gone to increase the surplus.

883. Supposing there had been no surplus, would it not then have been clearly appropriated in aid of the grant; does it make any difference whether there is a surplus on other items or not?—No. The Department have been told not to spend the surplus, and they have not spent it. More money is allowed as contribution from the Irish Church Fund than was appropriated by the Parliamentary Vote, and that amount of excess they have surrendered to the Exchequer, in accordance with the desire of the Committee on Public Accounts.

884. But is it not the fact that they have not surrendered it to the Exchequer as Irish Church Fund surplus, but as part of the general surplus upon the Vote?—Yes, they have done so.

885. Is that what the Committee on Public Accounts recommended?—I think the Comptroller and Auditor General treats his surplus in exactly the same way, as the Committee will see if you turn to it in Class 2. (Mr. Ryan.) It is not in accordance with the direction of the Public Accounts Committee, but it is in accordance with Treasury directions; and I, as accounting officer of the Vote, have followed the Treasury directions, as everybody else would have done in the matter.

*Mr. Arthur O'Connor.*

886. (To Mr. Kempe.) Have you had recently before you the words of the Public Accounts Committee Report of 1883 (I do not know whether you remember them) with regard to the Courts of Law and Justice in Scotland: "The Comptroller and Auditor General has called attention to a case in which, under Sub-Head E. of this Vote, a distinct abatement of 230*l.*, as the probable amount to be recovered as law charges, was made from the gross estimate. In fact, however, a sum of 343 *l.* 17*s.* 1*d.* was recovered, and the excess was applied to the credit of the Vote, instead of being paid into the Exchequer as an Extra Receipt. Your Committee consider that the proviso as to paying into the Exchequer amounts above the estimated amount of Appropriations in Aid, applies strictly to Army and Navy Services, but they recommended that, in the comparatively few cases in the Civil Service in which Extra

## APPROPRIATION ACCOUNTS—Class III.

Vote 26.—The Irish Land Commission—*cont<sup>d</sup>*.*Mr. Arthur O'Connor—continued.*

Receipts are allowed to be taken in diminution of the Vote, the same course should be adopted in the future as is adopted under the proviso in Army and Navy Services. This is the more important because, as the Comptroller and Auditor General points out in his General Report, the exceptions to the main rule of the Civil Service in respect of Extra Receipts tend to become more numerous"?—That is exactly what is done here. The same course is followed as in the Army and Navy Services. Two surrenders are made; the Commission surrender the surplus upon the Vote, and they surrender the surplus Extra Receipts; they are added together, as it so happens, but they are both surrendered.

887. Do you consider that there is any essential difference between the source from which the excess was derived under the Law and Justice Vote in Scotland, and the source from which the extra sum was derived in the case of the Vote before us, the Irish Church Fund Vote?—We should make no difference in point of account.

888. Is there not a difference in the source from which the money comes?—They come from different sources undoubtedly.

889. Would it occur to the Treasury that in this particular case, the more proper thing would be to surrender the balance to the Irish Church Fund?—I think not; the payment from the Irish Church Fund is on account of certain expenditure by the Irish Land Commission, and therefore it goes to the Exchequer to recoup the expenditure on account of the Irish Land Commission. The Act fixes what shall be done, and this is in accordance with the Act.

890. Then you have an excess earned by the Irish Land Commission over that which is estimated for?—Yes.

891. Which was derived from the Irish Church Fund?—Yes.

892. And the Treasury gets the benefit of that?—The excess has accrued, because more work was done by the Irish Land Commission than was originally estimated, and therefore it is right that the Exchequer should be recouped the further expenditure on that account. The original estimate of receipt was appropriated in diminution of the Vote; but the excess receipt instead of that, in accordance with the wishes of the Committee and the Treasury directions, is surrendered to the Exchequer, and not taken in diminution of the Vote.

*Chairman.*

893. (To Mr. Ryan.) Have you any observation to make in this case?—I do not think I have anything further to say than is stated in the Report of the Comptroller and Auditor General.

894. It appears to me that the Committee on Public Accounts, the Comptroller and Auditor General, and the Treasury, are all at one in their intention; the only question is, what is done here; is not that so?—The account is wrongly

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Mr. KEMPE, Mr. RYAN, C.B., and Mr. STONEHAM.

[Continued.]

## APPROPRIATION ACCOUNTS—Class III.

Vote 26.—The Irish Land Commission—*cont.**Chairman*—continued.

wrongly stated to begin with, because the sum is stated here as supplementary, as if in the Supplementary Estimate the sum had been authorised to be expended in excess. That is not so; the Supplementary Estimate did not contain any such authority. It is clear that the 1,304 l. could not have been applied properly in aid of the Vote, and the question is whether it ought to have been surrendered to the Exchequer, or paid over as Exchequer Extra Receipts. The Public Accounts Committee has not expressed any opinion in favour of either course, but the Treasury has, namely, that in these cases the surplus should not be paid over as Extra Receipts, but surrendered upon the Vote. Of course you might have the absurdity of surrendering upon the Vote, and voting a deficit at the same time, if you left it in this way.

On VOTE 27.

COUNTY COURT OFFICES, &amp;c., IRELAND.

*Chairman*.

895. (To Mr. Kempe.) I see in this Vote that salaries are still paid to resident magistrates, at rates in excess of those authorised by 37 & 38 Vict. c. 23; are any steps being taken by the Government to put an end to this illegal payment of salaries?—Yes, steps have been taken, but some fresh legal points have arisen, and perhaps the Committee will allow us to put in a Memorandum later on to state the decision arrived at; we hoped to have been able to do it this time, but fresh points have arisen that have delayed our doing so.

896. Will you put in the Memorandum before the Committee reports?—Yes.

*Mr. Arthur O'Connor*.

897. Is there a prospect of an end being put to that illegal charge?—That is the question; we do not exactly know how that will be dealt with.

## APPROPRIATION ACCOUNTS—Class III.

Vote 27.—County Courts, &c., Ireland—*cont.**Mr. Arthur O'Connor*—continued.

898. Have these resident magistrates any claim for pension or anything of the kind, and if so, would the pension be calculated on this payment, which is admittedly illegal?—I could not answer; I do not know that the question has arisen or been considered.

On VOTE 30.

PRISONS, IRELAND.

*Chairman*.

899. (To Mr. Kempe.) Are the Treasury satisfied with the reasons given by the Prisons Boards, Ireland, for not being able to render an annual statement of the prisons under their control?—They are satisfied that up to this point they have not been able to do more.

900. Are measures being taken by the Treasury to secure such an account in future?—Yes, a new system is being introduced.

CLASS II.—On VOTE 35.

HOUSEHOLD OF THE LORD LIEUTENANT OF IRELAND.

*Chairman*.

901. (To Mr. Kempe.) I understand that you wish to correct an answer which you gave with regard to the postponement of payment?—I think I stated rather too broadly that instances occur in almost all Votes; on further reflection, I would say that they certainly have occurred in a large number of Votes, and that they are liable to occur in most Votes. I should not like to go further than that.

*Mr. Arthur O'Connor*.

902. But the Treasury would have no difficulty at all in assenting in respect of any Vote to adopt the same course under the circumstances?—No; for good cause shown.

[The Witnesses withdrew.]

Wednesday, 14th April 1886.

MEMBERS PRESENT:

Sir Walter Barttelot.  
Mr. Henry H. Fowler.  
Sir John E. Gorst.  
Mr. Jackson.

Mr. Lane.  
Mr. Arthur O'Connor.  
Mr. Ritchie.  
Mr. Seely.

SIR JOHN E. GORST, IN THE CHAIR.

CIVIL SERVICE APPROPRIATION ACCOUNTS, 1884-85.

Mr. EDWARD W. HAMILTON, C.B., and Mr. CHARLES LISTER RYAN, C.B., re-called; and further Examined.

CLASS IV.—On VOTE 1.

PUBLIC EDUCATION, ENGLAND AND WALES.

Mr. PATRICK CUMIN, called in; and Examined.

*Chairman.*

903. (To Mr. Cumin.) Do you concur in the view of the Comptroller and Auditor General that the items which have been so often disputed in the accounts of the Education Department will henceforth "either be regularised by the forthcoming Code of 1886," or have they been legally decided by the opinion of the Law Officers of the Crown, or cease to recur in future accounts?—I do.

904. Has your attention been called to the remarks of the Comptroller and Auditor General as to the indefinite extensions of discretion which are produced by yearly alterations in the Education Code?—The different cases in which discretion is allowed by the Code are carefully considered by the Lord President and Vice President, and it is only allowed in cases where it is necessary in their opinion for the administration of the grant.

905. But could you inform the Committee what you consider to be the limit of the extent of alterations which you ought to make by Codes?—The distinction in the Code is this: in certain cases we consider that we ought to have no discretion whatever; in certain other cases we consider that we ought to have discretion; and throughout the Code that distinction is carefully drawn; but we never put in discretion where we think we could do without it.

906. Does the Education Department consider itself at liberty to meet objections which may have been made one year by the Comptroller and Auditor General by means of an alteration of the Code in the succeeding year?—The object of the alteration of the Code is not simply to meet the objections of the Comptroller and Auditor General, but it is for the purpose of enabling the Department to exercise a reasonable

*Chairman—continued.*

discretion in an enormous number of cases where it is quite impossible to foresee what the particular circumstances may be.

907. Then do I correctly understand that it is no object of the Education Department to regularise its expenditure by *ex post facto* Codes; that the Education Department, as a matter of principle, would not make an alteration in the Code for the purpose of regularising an expenditure which had been objected to by the Comptroller and Auditor and General?—Certainly not.

908. The Comptroller and Auditor General reports to the Committee that certain examination schedules which were formerly supplied as part of the materials of his audit are no longer supplied by the Education Department; why has this alteration in the practice of the Department been made?—That is explained, I think, in the letter B., which is dated the 20th of November 1884. Formerly the ground upon which we paid the money in respect of the passes was the schedule containing the names of the individual children and the passes of the children, and that schedule was signed by the inspector. That schedule is now no longer signed by the inspectors, but a summary of the number of passes which have been made by the children is entered in the inspector's report and signed by the inspector, and upon that and that alone the grant is paid.

909. But what was the reason for that alteration?—The reason was this, that the schedules containing the names of the individual children were required to be sent down to the inspector in the district for use by him, because the detail was of use to him in going into the schools, which he might do at any time; and we must either have a copy of the schedule made again, which  
of

14 April 1886.]

Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. CUMIN.

[Continued.]

## APPROPRIATION ACCOUNTS—Class IV.

Vote 1.—Public Education, England and Wales  
—continued.*Chairman*—continued.

of course would be a needless trouble, or we could not give him the advantage of this schedule. The mode in which the summary is made is this: the schedule is sent up to the Department with the names of the individual children passed; the summary also is sent up showing the number of children who have passed. In order to ascertain whether the inspector has done his duty, we are obliged to see these individual passes, and the individual marks, and if there is any discrepancy between the two we send to the inspector and say, "Are you certain that you are right in this summary." If he says, "I am certain that I am right in the summary," we take his statement; if he says that he has made a mistake, we say, "If you think so you must correct it"; but we never alter in the Department what is said or done by the inspector; we require him to do so, because the Code requires it in order to authorise the payment. So that even if the schedule was produced it would be no authority for our paying the grant.

910. Has your attention been called to the objection made by the Comptroller and Auditor General to the payment of a sum of 22 l. by the managers of the Stonehouse National School to the Charity Commissioners?—Yes, it has.

911. Is the observation which he makes there a just one?—It is quite true that the payment was a wrong payment, and the letter which I wrote explained why it was (although we admitted it to be a wrong payment) that we did not correct it in the second case. The fact is that we dealt with the case before we were aware that we had made a mistake. If we had been aware that we had made a mistake, we should of course have altered it.

912. Then do you admit that the amount of 19 l. 11 s. 1 d. is an improper charge against the Vote?—Yes, we admit the mistake.

*Mr. Arthur O'Connor.*

913. With regard to this paragraph I see that the Education Department on that occasion admitted that the charge was illegal, but declined to demand repayment on the ground that the Department was responsible for having allowed the charge which is now objected to; the Department, I understand, now admits that it is responsible for the issue of public money without warrant; what is the result, in fact, if the Department is responsible?—If we consider that we ought not to call upon them for repayment, we require of course to write to the Treasury for authority to enable us not to demand it. What I ought to have added to this was that we should be obliged to write to the Treasury to authorise us to forego this money. If they do not agree to that we must take proceedings against these people to recover it.

914. But the Department was responsible, you say, for having allowed the charge now objected to?—Yes.

915. The Comptroller and Auditor General in 0.69.

## APPROPRIATION ACCOUNTS—Class IV.

Vote 1.—Public Education, England and Wales  
—continued.*Mr. Arthur O'Connor*—continued.

his Report goes on to say, "On my calling the attention of the Department to the payment in the present account, I was informed that 'the cause which led to the admission of the same in the earlier year applies equally to its admission in the accounts of the latter year.'" I suppose that answer might be given with regard to a continued and repeated charge for an indefinite number of years. The answer of the Department always is, "Yes, we are responsible"—But I am assuming that in the case there was no fault to be found whatever with the persons who got the benefit of the money. If they had been in fault in any case of course we should at once have called upon them to repay it; but this case is one in which we do not think it would be fair to call upon the managers to repay; but that we do, subject to the Treasury covering it with their sanction.

916. You need not labour that point; I understand it thoroughly. In the first place, the Department discharges from responsibility those who receive the money, and take the responsibility entirely on their own shoulders?—Yes.

917. Then they make a similar charge in the subsequent year, and they repeat the explanation that the responsibility rests upon them. I should like to ask you what is the use of having the audit by the Comptroller and Auditor General, and what is the use of your coming to give evidence before this Committee if it is sufficient for the Department to say, "Yes, we adopt the responsibility that the public money is drawn upon and improperly expended year after year"?—What I intended to explain was that this error was not discovered in time to enable us to stop the second payment.

*Mr. Jackson.*

918. But you said so; that that was the cause?—Yes.

919. It is not likely to occur again, is it?—No; on the contrary; it is a mere accident that we did not discover it before. The fact is that the query was not dealt with in time to enable us to stop the payment.

*Mr. Arthur O'Connor.*

920. You admit that the expression, "The Department is responsible for having allowed the charge now objected to," is not sufficient to dispose of the matter?—I think I said that we should require the sanction of the Treasury before being allowed to adopt that as the reason for not demanding repayment from the persons who got the money.

921. Did you obtain the sanction of the Treasury in this particular case?—I do not know whether it is obtained yet, but we must obtain it.

922. Either with regard to the earlier or the later case?—With regard to both of them; the Committee may be aware that this was one of the points referred to at the Conference between the  
g 4 Comptroller

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Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. CUMIN.

[Continued.]

## APPROPRIATION ACCOUNTS—Class IV.

Vote 1.—Public Education, England and Wales  
—continued.

Mr. Arthur O'Connor—continued.

Comptroller and Auditor General and the Department, and this was one of the points that was settled then.

923. How was it settled?—I think it was that no further steps were to be taken upon it.

924. Did you get a formal sanction from the Treasury covering this disbursement?—That is what I have just mentioned; that this was a matter settled between the Assistant Comptroller and Auditor General and myself at the Conference on the suggestion of the Public Accounts Committee of last year.

925. (To Mr. Ryan.) Does that agree with your view of the case?—I presume what Mr. Cumin means is, that certain points which were outstanding were settled at the Conference, and that this formed one of those points. (Mr. Cumin.) That is so. (Mr. Ryan.) I do not think so; this was not a point which we thought was in doubt at all; it has always been understood that this was an improper payment. (Mr. Cumin.) I quite agree with that. (Mr. Ryan.) There has been no question raised about the propriety of this at all; the only way in which the Conference last year could be made applicable to this particular payment would be that the Treasury consented to whitewash all past payments in consequence of the Conference which took place last year; therefore it is possible that the Education Department might consider (though I do not think they would rightly consider) that they need not go to the Treasury to whitewash specifically that payment for the past year; but that of course does not apply to the present year in any way.

Chairman.

926. If I correctly understand Mr. Cumin, the Department admit that the amount of 19*l.* 11*s.* 1*d.* is not a proper charge against the Vote; does

## APPROPRIATION ACCOUNTS—Class IV.

Vote 1.—Public Education, England and Wales  
—continued.

Chairman—continued.

not that alter it? After ever so lengthy an examination of Mr. Cumin, if he admits that it is a wrong payment, that is all that the Public Accounts Committee can expect?—The question is why no proceedings were taken with regard to a similar payment last year, which is in question. It is possible that the Education Department might consider that they had got the covering authority not to recover anything that took place last year by a general whitewash, so to speak.

Mr. H. Fowler.

927. They do not say so; they say that they have got to get Treasury sanction; they made an improper payment; that they admit; and before they detected it a second payment was made, and therefore the error was repeated. They now say that they must have Treasury sanction for these two payments, and there is an end of it?—Is that so?—(Mr. Cumin.) We must have Treasury sanction; that is perfectly clear.

Chairman.

928. You admit that you must apply and will apply to the Treasury for sanction?—Clearly.

Mr. Arthur O'Connor.

929. (To Mr. Ryan.) When the Treasury sanction is obtained, I suppose the Comptroller and Auditor General will be satisfied?—Certainly, if the Treasury have the power of remedying improper payments.

Chairman.

930. Have you anything more to say upon this subject?—No.

931. (To Mr. Hamilton.) Have you anything to say on behalf of the Treasury?—No.

[Mr. Cumin withdrew.]

## On VOTE 2.

## SCIENCE AND ART DEPARTMENT FOR THE UNITED KINGDOM.

Colonel JOHN F. D. DONNELLY, R.E., called in; and Examined.

Chairman.

932. THE Comptroller and Auditor General called attention to the fact that Mr. Poynter, who had already received 50*l.* for making a design and superintending its engraving on wood, had a further sum of 26*l.* 5*s.* paid to him as the price of the design; what was that further sum paid for?—For the design itself.

933. Is it the custom in the wood engraving business that persons should be paid twice over in that way for the same work?—Certainly. For instance, take the case of the Leach drawings, which were all sold, and Mr. Caldecot's designs, which will be sold in a very short time.

Chairman—continued.

It is always the practice now, when you get a design, unless you specifically purchase the drawing itself, you purchase the use of it; it is photographed on to the wood block, and then the design itself remains the property of the artist. I dare say Honourable Members may often have seen, for instance, Mr. Du Maurier's drawings for pictures in "Punch" in the Royal Academy; and, if you remember, the original Leach drawings were all sold after his death; and it was quite understood at the time when this arrangement was made with Mr. Poynter, that we were to have the use of the drawing, and that if

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Mr. HAMILTON, C.B., Mr. RYAN, C.B., and  
Colonel DONNELLY, R.E.

[Continued.]

## APPROPRIATION ACCOUNTS—Class IV.

Vote 2.—Science and Art Department for the  
United Kingdom—*continued.**Chairman—continued.*

if it was thought advisable afterwards we should purchase the drawings; but that was left over to see whether the drawing itself was of such a character that it would be advisable to purchase it for circulation to the Schools of Art.

934. Do I rightly understand you then that at the time the original bargain was made with Mr. Poynter it was an understood thing that there might be a further sum to pay if the Science and Art Department wished to become the absolute proprietors of the drawing?—Yea, but it left the Department perfectly free to purchase or not as it wished.

935. Now the Comptroller and Auditor General considers that the cost of preparing a guide book, which was for gratuitous distribution among the teachers, was an improper charge against Sub-Head F. 10, which was for "Preparation, &c., of Catalogues;" what have you got to say upon that?—According to the rules of the Science and Art Directorate, a certain number of teachers are brought up annually from various schools in the country, from England, Scotland, and Ireland, to go through short courses of instruction, and also to visit for purposes of study the South Kensington Museum and other metropolitan institutions; and in this year there were over 300 teachers so brought up. At the Health Exhibition there was an exhibition of educational works from the Continent, different countries having sent illustrations of their courses of instructions in drawing and various other branches of education. These were scattered over different parts of the Exhibition; and it was considered that it would be a great advantage to the teachers to tell them exactly where these were, and to call their attention precisely to the points to be looked at. Accordingly, this brief guide, of which I will hand you a copy (*handing in the same*), was prepared with a view to give them that instruction, and it was looked upon as entirely analogous to the syllabuses for the courses of instruction or any other papers that are prepared for the teachers' instruction when they come up to South Kensington. There did not seem to be any difference between this and the other syllabuses or *précis* of lectures that are prepared for them.

936. What is the objection of the Science and Art Department when the Comptroller and Auditor General has expressed his opinion that Treasury sanction ought to be obtained for such an expenditure of public money?—It was not intended to be a refusal to entertain it, but it was merely intended in this way. The Comptroller and Auditor General thought it required Treasury sanction, and our reply was that it seemed to fall within the powers of the heads of the Department to order it; that was merely a rejoinder.

937. Do I understand now that the Science and Art Department have no objection to apply  
0.69.

## APPROPRIATION ACCOUNTS—Class IV.

Vote 2.—Science and Art Department for the  
United Kingdom—*continued.**Chairman—continued.*

for Treasury sanction?—If it is thought that we ought to apply for it; but we took it to come within the ordinary work of the Department. There is this objection, that if we admit this we should have to ask for such authority for every other small detail work of this kind, which would very much hamper the work of the Department.

938. Is it not precisely the duty of the Comptroller and Auditor General to say what does and what does not come within the express terms of the Votes of Parliament; is not that the express business of his office, in which he is a sort of expert?—Subject to this, I suppose it is; I do not know whether I have a right to express an opinion on what his duty is; but as I understand it he states his opinion, and if a Department has a different view, I suppose it is for this Committee to decide whether it is right or not.

939. That is what I want to know; does the Science and Art Department wish us to decide whether this does come within the intention of the Sub-head or not; or will the Science and Art Department apply to the Treasury for sanction for it?—As I understand, it is left to this Committee to decide. So far as I am aware the question has not gone before the Treasury.

Mr. Ritchie.

940. (To Mr. Hamilton.) What is the view of the Treasury upon this point?—I should say that this was a case in which the Treasury sanction ought to have been asked for, because the Sub-head, "Preparation, &c., of Catalogues," would appear to be intended to apply to catalogues of exhibits in the building of the Science and Art Department; this was a special catalogue.

941. On the general question raised by the Chairman there is sometimes a difference of opinion, is there not, between the Treasury and the Comptroller and Auditor General as to what requires Treasury sanction?—This could hardly be, because that would be a matter for the Treasury to decide. (Mr. Ryan.) If the Comptroller and Auditor General raised a question with regard to the Treasury authority, he would of course take the decision of the Treasury as to what required their authority absolutely and without appeal; he would not think it necessary in a case of Treasury authority to bring it before this Committee.

942. As a matter of fact, has there not been on more than one occasion a difference of opinion between the Comptroller and Auditor General and the Treasury as to whether a particular payment did or did not require Treasury sanction?—The dictum of the Treasury in that matter would be final to the Comptroller and Auditor General, because it is their authority which he is supporting, and if they were to say, "We do not think this requires our sanction," or "We do think this requires our sanction," he of course would take their decision without appeal, and it would not come before this Committee.

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943. That

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Mr. HAMILTON, C.B., Mr. RYAN, C.B., and  
Colonel DONNELLY, R.E.

[Continued.]

## APPROPRIATION ACCOUNTS—Class IV.

Vote 2.—Science and Art Department for the  
United Kingdom—*continued.**Mr. Arthur O'Connor.*

943. That would be under the Act, or at any rate in accordance with the Act?—It is under the Act itself.

*Mr. H. Fowler.*

944. That is to say, supposing the Department say one thing and you say another with regard to Treasury sanction, the Treasury dictum is final?—Yes.

945. And a Department cannot shelter itself by coming to this Committee as a sort of appeal court between you and the Treasury; the Treasury is the appeal court in this matter?—Yes.

*Chairman.*

946. I understand the Comptroller and Auditor General to say that he does not appeal from the Treasury to this Committee, but he accepts the statement of the Treasury that their sanction is not required as final?—Yes. (Colonel Donnelly.) The Comptroller and Auditor General, in one of the queries on the account, said that he considered this was a matter that required Treasury authority, and we tried to explain that, under the view of the Department, it did not require Treasury authority. I think we were under the impression that if he still considered it was necessary to have Treasury sanction, we should have had a rejoinder to that; but as it was, the next letter stated that the matter would be reported to the Public Accounts Committee.

*Mr. H. Fowler.*

947. But you never went to the Treasury for authority?—No, it was then past our asking for the Treasury authority. Further, I should like to point out that I do not quite understand what is the objection; whether it is to the particular Sub-Head under which this payment is classed, or whether it is to the question of the payment at all. We classed it under that particular Sub-Head, because in the year 1873 a sketch of experiments for this same purpose, the instruction of teachers was prepared by Professor Guthrie, and the Comptroller and Auditor General asked for Treasury authority for the payment and rate, and after one or two queries had passed, the Comptroller and Auditor General said that he could not pass the payment unless it could be classed under C. 1 or D. 2; that is to say, under this particular Sub-Head for Catalogues, or under the Sub-Head for Professional Assistance. We then classed it under the Sub-Head for Catalogues and it was passed, and we were acting upon that precedent in classifying this payment under this particular Sub-Head. We did not understand that it was a question of which Sub-Head it ought to be classified under, but whether the heads of the Department had a right to authorise this expenditure.

*Chairman.*

948. In paragraph 4 of the statements of the Comptroller and Auditor General, are the

## APPROPRIATION ACCOUNTS—Class IV.

Vote 2.—Science and Art Department for the  
United Kingdom—*continued.**Chairman—continued.*

circumstances under which the sum of 11 guineas was paid to the executors of the late Mr. J. A. Clarkson for tracings of mines in 1882 and 1883 correct?—Yes. The expenditure under that Sub-Head was incurred by the officer in charge of the Geological Museum; the man who prepared these tracings died, and there was some delay in presenting the accounts. Before the accounts were presented, the Mining Record Office was transferred to the Home Office, and when the bill was sent in, it was sent to the Home Office, who said that we ought to pay it, and as the liability had been incurred under the responsibility of the Department we defrayed it.

949. Do you consider that the charge of the expenses for removing Professor Archer's body from London to Edinburgh are properly charged under the Sub-Head of Travelling. The Comptroller and Auditor General reports that the expense of removing Professor Archer's body from London to Edinburgh, which was defrayed by the Science and Art Department under the sanction of the Treasury, was charged to the Sub-Head of Travelling?—What happened was that Professor Archer came to London on departmental business.

950. That is not the question; the question is do you consider that that is the right Sub-Head to which to charge such a disbursement?—As I understand, the Treasury sanction for our paying it was to pay it out of the Vote for Travelling.

951. Ought you not to have applied to the Treasury for leave to raise a separate Sub-Head?—I do not think it occurred to anybody to do so. It seemed to be a reasonable thing to charge it to Travelling, from the mere fact that the Professor had a return ticket, the price of which was refunded by the railway company; so that it seemed to be strictly Travelling; but the question was never raised with the Department that I know of.

952. I see that the Comptroller and Auditor General calls attention to the real reason for the excess on Sub-Head K. 1, "Salaries (Dublin Museum)," as arising from the item of 30 l. paid to Mr. Dix, the housekeeper, for lodging away from the Museum; have you any observation to make upon that remark of the Comptroller and Auditor General that this excess is partly two annual allowances?—That is so.

953. Ought not that to have been so stated in the explanation; I think that the reason given of the excess is, that it was due to an increase in the staff, and to the transfer of wages estimated for under K. 5?—It was not an annual allowance; it was a case of compensation.

954. Do you mean that it would have been more properly described as two yearly allowances, or allowances in two years; was it a gratuity made?—Yes, it was a gratuity under special circumstances due to the illness and death of his wife.

955. But

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Mr. HAMILTON, C.B., Mr. RYAN, C.B. and  
Colonel DONNELLY, R.E.

[Continued.]

## APPROPRIATION ACCOUNTS—Class IV.

Vote 2.—Science and Art Department for the  
United Kingdom—*continued.**Chairman—continued.*

955. But is it not a fact that a grant which was made in two successive years by Parliament was all paid in one?—We did not hold it over, but it was all paid at one time.

956. And the consequence of paying that double grant in one year was that there was an excess upon the sub-head?—We had no opportunity to pay it in two years; we paid it immediately we got the authority to pay it from the Treasury; it applied to two years, but immediately we got the sanction to pay it, we paid it out of the then current vote.

957. I do not think you quite appreciate the remark of the Comptroller and Auditor General; he does not find any fault with your payment; but I understand the gravamen of the Comptroller and Auditor General's observation is that that should have been given as the reason, or as one of the reasons, for the excess in expenditure under that sub-head, and is not so given?—If you mean that the fact was overlooked that an allowance which covered two years had been paid in one year, that is so, no doubt; we did not mention it as the reason.

*Mr. H. Fowler.*

958. I want to ask you about this payment to Mr. Poynter; what was the 50 *l.* paid for?—For the design and for superintending its engraving on wood.

959. Having got the design, what could you do with it?—This design is for the border of a certificate.

960. Did the 50 *l.* cover your right to use it for all future certificates?—Yes.

961. Then what have you bought since then?—His original drawing.

962. Simply the drawing itself?—Yes.

963. And what advantage has the drawing itself over the design as printed, or as engraved on the certificate?—It is the difference between the drawing, and the woodcut from the drawing; the drawing is an illustration of the way to draw for that purpose, namely, drawing for wood engraving, which is a matter of considerable importance. There is an immense deal of decorative work done in that way, and this is an illustration of drawing for that purpose.

964. Had you any bargain or contract when the order was given as to what you were to pay for it?—Certainly.

965. Was the bargain that he was to have 50 *l.*, and that if you wanted the original drawing you were to pay another 25 guineas?—Yes; of course if we had asked him to do the design in the ordinary sense of the word, and to let us have the drawing, he would have asked for the total amount. As it was we arranged for the one and left ourselves free to buy the other if we liked.

966. I want to be clear about this; as I understand, this was part of an original bargain; you were to pay 76 *l.* 5 *s.* for this design; 50 *l.* only if you used it, and 76 *l.* 5 *s.* if you owned  
0.69.

## APPROPRIATION ACCOUNTS—Class IV.

Vote 2.—Science and Art Department for the  
United Kingdom—*continued.**Mr. H. Fowler—continued.*

it; and it was not a subsequent arrangement made afterwards, but it was made before Mr. Poynter executed the design?—We had made no arrangement for spending the 76 *l.* 5 *s.* altogether; the arrangement was that we were to have the use of the design for 50 *l.*, and might, if we liked, buy the drawing for 26 *l.* 5 *s.*; but we were entirely free.

967. But the figures were settled before anything was done?—That is so, from my recollection.

*Mr. Jackson.*

968. Is that so; it is not in accordance with your previous answer?—I am not quite certain whether the amount for the drawing was settled before the design was approved and paid for.

*Mr. H. Fowler.*

969. I want to know whether you agreed with Mr. Poynter when he was employed that the full charge would be 76 *l.* 5 *s.*, but that if you did not take the drawing the charge would only be 50 *l.*?—No, it was not that way; it was 50 *l.* for the design, but we did not bind ourselves to purchase the drawing.

970. I am asking whether the figure of 76 *l.* 5 *s.* was settled with Mr. Poynter before he commenced it?—No.

971. Then after having the design you made a separate bargain for the drawing?—Yes.

972. That is not the answer you gave me five minutes ago?—I thought the question was whether we had undertaken to buy the design and drawing for 76 *l.*; that was not so; the first bargain was for the design.

973. Have you any Treasury sanction for that?—No; the drawing was bought as a drawing under the same footing as any other drawing.

974. I mean for the excess afterwards; you make this payment which you estimate in your Art Library account, and you increase the expenditure from 50 *l.* to 76 *l.* 5 *s.*, that having formed no part of the original estimate; did you apply for Treasury sanction before you paid that 26 *l.* 5 *s.*?—But there was no original estimate to include the drawing.

975. No, not to include the drawing; the original estimate of expenditure was 50 *l.*?—For the design.

976. Then you subsequently increased it by a further payment of 25 guineas?—Yes.

977. Was that made upon the entire responsibility of the Department, or have you applied for Treasury sanction?—We have not applied to the Treasury at all; I do not think it is putting it in a fair way to say that we increased the original estimate; we did not at all. We paid the 50 *l.* for that for which it was originally settled that we should pay 50 *l.*; then we paid the 25 guineas for something else, which is the drawing.

978. That brings you still further into the controversy. Then when you went to the original arrangement with Mr. Poynter, you did  
not

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Mr. HAMILTON, C.B., Mr. RYAN, C.B., and  
Colonel DONNELLY, R.E.

[Continued.]

## APPROPRIATION ACCOUNTS—Class IV.

Vote 2.—Science and Art Department for the  
United Kingdom—*continued.*Mr. H. Fowler—*continued.*

not contemplate owning the drawing?—We did contemplate; it was talked about in the Department, and when the heads of the Department approved of the design it was certainly contemplated; but there was no estimate for it.

979. You would not have paid the 50 l. if you had not approved of the design?—I do not quite understand.

Mr. Arthur O'Connor.

980. Would you say that it would be a fair way to put it, that in the original contract you stipulated to pay 50 l. for a design and superintending the engraving on wood, but that you reserved the option of purchasing the drawing for a further sum?—Yes.

981. At that time there was no specific sum mentioned as the price of the drawing?—I do not think there was; but certainly there was no contract made with him to let us have the drawing. I am not sure whether a sum may not have been mentioned, but no contract was made.

Mr. Jackson.

982. Is it quite correct to say, as you do now, that you reserved the option, if nothing was said about it or no contract was made, either for the option or for the thing itself?—I should perhaps say that we reserved the question.

983. Would it be more correct to say that you bought what you bargained for, for 50 l., and subsequently made another purchase?—Yes. What I meant by saying that we reserved the option was that when the design came up for approval the question of the purchase of the drawing itself was talked about by the heads of the Department; but we did not reserve anything with Mr. Poynter; we reserved the question of purchasing the drawing until afterwards.

Mr. Arthur O'Connor.

984. Was it not understood between you that if you chose you could have the right of purchasing the drawing afterwards?—There was nothing recorded in that way. I think it was talked about; I cannot say that there was specifically any right reserved.

Mr. Seely.

985. After you had paid the 50 l. I suppose if you had paid nothing more Mr. Poynter could have sold the drawing to anyone else?—Yes.

986. And you purchased the drawing in the same way as you purchase any other drawing?—Yes.

Mr. Lane.

987. Is it always understood when you agree upon a certain sum for a design that you shall give back the original drawing to the artist?—I believe always, unless you make any specific agreement to the contrary. I may say perhaps, as an illustration, that only a short time ago I saw in Mr. Poynter's studio a design which he had made for a placard for the Guardian Fire and Life Office, which would be published, and that

## APPROPRIATION ACCOUNTS—Class IV.

Vote 2.—Science and Art Department for the  
United Kingdom—*continued.*Mr. Lane—*continued.*

original design, if I am not mistaken, will be exhibited in the Academy, and it may be purchased by anybody who may like to have it.

988. Would not the engraving be as useful for all educational purposes as the original design?—Not as instruction for people to prepare drawings for wood engraving. You see it is translated into wood engraving, and the art is to make a drawing which shall be prepared with a view to being translated into wood engraving.

989. Are transactions of this nature, the subsequent buying of the original drawing, usual in the Department?—Certainly; I think it has been done several times, but I cannot speak off-hand.

990. Your impression is that similar transactions to this have occurred before this in the Department?—We have certainly purchased a number of drawings to illustrate drawing on wood for the purpose of engraving; but whether we have often before purchased the drawing from which a design for the Department was made, I am not quite certain at this moment.

Mr. H. Fowler.

991. May I assume that you never consulted the legal adviser of the Department as to whether the thing did not absolutely belong to you when you paid the 50 l.?—We did not.

992. If you build a house and pay an architect for less drawings, the drawings are yours. I do not go into high art, but in such a vulgar thing as building a house that is decided law?—Publishers generally are supposed to look after their own interest, and no publisher claims the drawings from which illustrations are made for a book now; I have made inquiries as to that.

Chairman.

993. (To Mr. Ryan.) Have you anything more to say upon this?—No.

994. (To Mr. Hamilton.) Have you anything to say?—No.

[Colonel Donnelly withdrew.]

## ON VOTE 8.

## UNIVERSITY COLLEGES, WALES.

Chairman.

995. (To Mr. Ryan.) Have the other colleges enumerated in this Vote, other than the Aberystwith College, furnished a statement of accounts?—They are going to do so in future; they have not at present.

996. Have they been warned to do so in future?—Yes, that is the case.

Mr. Jackson.

997. Is there more than one year outstanding?—No, I do not think there is more than one year.

998. And it is to be applicable to all the colleges?—Yes.

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Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## APPROPRIATION ACCOUNTS—Class IV.

## On VOTE 11.

## PUBLIC EDUCATION, SCOTLAND.

*Chairman.*

999. (To Mr. *Ryan*.) I understand that the Vote for Public Education, Scotland, is subject to the same remark as the Vote for Public Education, England; that the arrangements now made will prevent the recurrence of those questions which have troubled the Public Accounts Committee so frequently in past years?—I think so; but the Education Code in Scotland is not in the same terms as the Education Code in England; so that it would be our duty to raise these points again. We do not raise them this year on account of a change in the accounting officer. As the Committee are no doubt aware, the Vote has been transferred to the Secretary of Scotland, and we do not know what view he may take with regard to some points that were questioned; so that it was thought not desirable, as the Vote was not transferred until after the expiration of this year, to raise with a fresh accounting officer questions on accounts for which he was not responsible.

## On VOTE 14.

## PUBLIC EDUCATION, IRELAND.

*Mr. Arthur O'Connor.*

1000. (To Mr. *Ryan*.) Do you desire to draw our attention to anything more particularly in

## APPROPRIATION ACCOUNTS—Class IV.

Vote 14.—Public Education, Ireland—*continued.**Mr. Arthur O'Connor—continued.*

this Vote?—I can say no more than is said in the Report of the Comptroller and Auditor General.

*Chairman.*

1001. (To Mr. *Hamilton*.) Have you any remark to make?—No.

*Mr. Arthur O'Connor.*

1002. (To Mr. *Ryan*.) I do not quite understand why the Comptroller and Auditor General objects to the new rules of 1885?—The Comptroller and Auditor General does not object to any of these alterations; only he points out in this case, as he did before in the case of the Education Department, the effects which these alterations have in giving the Department a discretion; and he does this in discharge, as he conceives, of his duty to Parliament; he examines the accounts on behalf of Parliament, and if the Department by their own regulations give to themselves a greater latitude and discretion than they had before, and if by so doing they enable themselves to spend the public money more easily than they could do before, and with less check on behalf of the audit, he expressed no opinion upon the question whether that is right or wrong, only he thinks it is his duty to inform Parliament of the fact. If they are satisfied he is satisfied.

## CLASS V.—On VOTE 1.

## DIPLOMATIC SERVICES.

Mr. FRANCIS BEILBY ALSTON, called in; and Examined.

*Chairman.*

1003. (To Mr. *Alston*.) WHY is the whole of the salary of the Agent and Consul General in Egypt this year charged to the Vote for Diplomatic Services, whereas last year it was equally divided between the Diplomatic and the Consular Votes?—On the appointment of Sir Evelyn Baring, who had the rank of a Minister Plenipotentiary, and whose duties were eminently of a diplomatic character, it was decided by Lord Granville that the salary should be charged to the Diplomatic Vote. A sum of 2,500 *l* had already been inserted in the Consular Vote for that purpose, and we, therefore, utilized that amount so far as it went, and provided the difference, from the Diplomatic Vote. In the following year we charged and have since charged the whole to the Diplomatic Vote.

1004. I observe that the attention of the Committee is called by the Comptroller and Auditor General to the payment by the *Chargé d'Affaires* at Rio de Janeiro of the travelling expenses of a destitute Englishman from Southampton to his place of abode in the United Kingdom; have any

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*Chairman—continued.*

instructions been issued by the Foreign Office to prevent their agents abroad from making payments of that kind which are charges on the Imperial Fund in relief of local rates?—Down to the present time we have only taken notice of such an irregularity as it has occurred; the cases have hitherto been rare, but the general consular instructions are now under revision, and we propose to put in a provision for defining the liability of Her Majesty's Government in the revised instructions.

1005. Has your attention been directed to the recommendation of the Comptroller and Auditor General with regard to Lord Northbrook's special mission to Egypt that the cost of telegrams should be shown under the costs of that special mission?—It is really a choice of difficulties. As the Comptroller and Auditor has observed, we have acknowledged the soundness of the principle for which he contends; only we do not see our way to carry it out. The particular item to which the Comptroller and Auditor General has called attention relates to certain telegrams

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Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. ALSTON.

[Continued.]

## APPROPRIATION ACCOUNTS—Class V.

Vote 1.—Diplomatic Services—*continued.**Chairman—continued.*

telegrams sent by Sir Evelyn Baring to Lord Northbrook after his departure for Cairo; but I assume that those telegrams are not the only telegrams which Sir Evelyn Baring sent on account of the special mission. I have very little doubt that a considerable number of other telegrams were also sent from other missions on the affairs of that special mission. As accounting officer I have no means of identifying these telegrams, which are all in cypher, and it is impossible for me to say to what subjects they refer. Therefore while I acknowledge the correctness of the principle, I do not see how to give effect to it. We have hitherto adopted the principle of charging the telegrams to the Vote; for instance, the telegrams sent from the Foreign Office we charge to the Foreign Office Vote; telegrams sent by a special minister we charge to the Special Mission Sub-Head; telegrams sent for the ordinary mission we charge to the Sub-Head "Telegrams," Diplomatic Vote; and I confess I do not see how any better arrangements can be carried out.

1006. In the expenditure under "Special Missions" is there included a sum of 1,875 l. given as a bribe to the Prime Minister of the Rajah of Tenom?—The Comptroller and Auditor General calls it a bribe.

1007. What do you call it?—We call it a present; "bribe" is an ugly expression.

*Mr. Arthur O'Connor.*

1008. Why should not that come under "Secret Service"?—That would be assuming that bribes come out of the Secret Service Vote.

1009. No, "present"?—I beg your pardon.

*Mr. Ritchie.*

1010. You expected a *quid pro quo*, did you not?—We certainly had one, because we got our men out.

*Chairman.*

1011. Is not that a class of expenditure that might be defrayed out of the Secret Service Vote?—I should be sorry to give any expression of opinion with regard to the Secret Service Vote, because I have nothing to say to that.

1012. Can you explain why the travelling expenses of his passage incurred by a Captain Roura, a Frenchman, home to Marseilles were charged against this business of the Rajah of Tenom?—We have two reports upon this matter; one a memorandum by Mr. Maxwell, and another, a report from Governor Weld. Governor Weld states as follows: "Captain Roura knew the Rajah of Tenom personally, and at the very first was sent by the Netherlands Indian authorities to him to endeavour to obtain the release of the captives. According to his own account he had succeeded in opening negotiations when the Dutch authorities threw him over and prevented his communicating again with the shore. He then came to me and offered his services. The Acting Colonial Secretary was in favour of employing

## APPROPRIATION ACCOUNTS—Class V.

Vote 1.—Diplomatic Services—*continued.**Chairman—continued.*

him. I interviewed him, and requested him to remain in Singapore, as I was in communication with the Home Government. I gave him no kind of promise of employment, but he understood of course that he was not to lose by remaining at the disposal of Government, especially as he had travelled to see the Rajah, and I had obtained information from him. I did not send him with Mr. Maxwell, because I found that the Netherlands Indian authorities would have viewed it with disfavour, and I did not wish, and indeed my instructions did not enable me to employ any person displeasing to their Government. In fine, the 150 dollars were paid to Captain Roura for services rendered, for information given, and to defray expenses occasioned by his detention in Singapore, on grounds connected with the 'Nisero' case." Mr. Maxwell in a separate paper adds that Captain Roura was given a free passage home because he lost his passage in a French troopship by waiting on at the request of the Straits Government.

1013. Have the vouchers which were called for by the Comptroller and Auditor General for Mr. Maxwell's disbursements been yet supplied?—The Colonial Office, at our request, wrote for them in October last; they have not yet been supplied; but we have reminded the Colonial Office lately with regard to the subject, and there is very little doubt that they will be forthcoming.

*Mr. Seely.*

1014. Do I correctly understand that the Foreign Office are going to issue instructions that distressed British subjects will be landed in that country totally penniless?—The distressed British subjects may be landed in this country penniless, but they will be chargeable on the parish immediately on their arrival.

1015. I thought it had been the custom to give them some small amount to get home?—I cannot say as much as that. It has happened in isolated cases.

1016. And it is proposed to put a stop to that altogether?—Yes, because the parish is liable.

*Chairman.*

1017. (To Mr. Hamilton.) Have you anything to say on this question?—No.

1018. (To Mr. Ryan.) Have you any remark to make?—No.

On VOTE 11.

## CONSULAR SERVICES.

*Chairman.*

1019. (To Mr. Alston.) Do you admit the particulars of the payment made to a distressed British subject, Mr. Allworth, at Buda Pesth?—I cannot say that it was quite regular, but I should hardly like under the circumstances to brand it as an irregularity. The case was a very peculiar one. Mr. Allworth, the father, had written

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Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. ALSTON.

[Continued.]

## APPROPRIATION ACCOUNT—Class V.

## Vote 11.—Consular Services—continued.

*Chairman*—continued.

written to Lord Granville to say that he was in great distress at not hearing from his son, and he requested that inquiries might be made respecting him. Instructions were thereupon sent to Mr. Phipps, who found this unfortunate young man in the hospital at Pesth with a very bad attack of typhus fever. He and his wife who was with him, being in a state of absolute destitution, Mr. Phipps thought it his duty to advance from time to time small sums of money for the relief of the wife, and he expended altogether the sums charged to the Vote, including the sum of 25 guineas for the purchase of Mr. Allworth's stock in trade. He was a ventriloquist by profession, and he assured Mr. Phipps that on his recovery he should be most happy to repay the sums advanced from the proceeds of his entertainments, but that, in order to enable him to give these entertainments, it was absolutely essential that his figures and properties should be obtained from the pawnbrokers.

1020. What I want to ask you is whether in the judgment of the Foreign Office that is a proper disposal of public money?—It was a choice of difficulties; as Mr. Phipps observed, if he had sent these two poor people home, it would probably have come to as much if not more money. I do not, however, think it is a precedent to be followed.

1021. Is there any prospect of the money so advanced being repaid?—Of course these expectations as to repayment were not fulfilled. When Mr. Allworth was recovered the season at Pesth was over, the entertainments fell very flat, and there really were no proceeds from them. Mr. Phipps has been in communication with Mr. Allworth, and had hoped to obtain a repayment of some of the money; but I am sorry to say that now he has lost sight of him.

*Mr. Ritchie.*

1022. Is he still in Pesth?—He was last heard of in America.

*Mr. Arthur O'Connor.*

1023. Is it the custom of consular offices to pay for the return journey home of distressed British subjects on the Continent?—Under restrictions, provided they fall within the instructions; in such cases as fall within the instructions they do.

1024. What are the instructions, briefly; because you spoke of the fact that the amount of money was less than would have been required to have sent Mr. Allworth home again?—I wish to mention that the instructions quoted by the Comptroller and Auditor General are not those in force at this moment. I am sorry that he was not supplied with a copy of the existing instructions which I hold in my hand.

1025. What is the existing rule with regard to the expenditure of public money in defraying the

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## APPROPRIATION ACCOUNTS—Class V.

## Vote 11.—Consular Services—continued.

*Mr. Arthur O'Connor*—continued.

travelling expenses homeward of destitute British subjects on the Continent; is there such a rule?—Yes. This is only a portion: "The primary object for which relief should be afforded is to enable distressed British persons to return to the United Kingdom. This, however, should not be done by giving money to the parties themselves, but by paying for their passage either the whole way home to England or to some intermediate consulate as may appear most desirable."

1026. You said that the rule is that money should not be given?—Yes, that is so.

1027. And this officer acted in direct contravention of the rule?—I do not think the existing instructions absolutely forbid that; "They say if the consular officer finds it necessary to administer food and medicine or to supply clothing the money he may so disburse should be paid against receipts duly taken, and should not be entrusted to the parties themselves." Therefore, that does as far as possible discourage it.

1028. And this particular officer did advance money not only for medical relief, but to enable this gentleman to recover certain pledged figures?—He did so. The case is not properly defensible, Mr. Phipps, however, pleaded that the man had been thrown upon his hands by the action of the Secretary of State; he said that he should never have heard of him unless he had been told to find him out.

*Mr. Lane.*

1029. Was it not rather to get information that the Foreign Office desired him to do that than to send this man and his wife back to England?—Clearly. The instruction to the consul was merely to obtain information on account of the father who had applied for it.

1030. And he exceeded his instructions inasmuch as he expended this money to enable him to return?—He did so; but the general instructions would have authorised him to send them home as distressed British subjects; that he would have had a general authority to do. But still of course it was an irregularity, and I do not wish to defend it.

1031. Are these instructions altogether independent of the fact that the relatives of these British subjects abroad are not able to send money to help them to return?—It has to be clearly established that they have no relatives in a position to assist them before the public purse is applied to their relief.

1032. The mere fact of a man's being found in a foreign country without having funds actually at his disposal at the moment does not entitle him to be relieved at the public expense?—No.

*Chairman.*

1033. (To Mr. Ryan.) Have you any observation to make upon this subject?—No.

1034. (To Mr. Hamilton.) Have you anything to say?—No.

[Mr. Alston withdrew.]

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Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## APPROPRIATION ACCOUNTS—Class V.

## ON VOTE 6.

GRANTS-IN-AID OF EXPENDITURE IN  
CERTAIN COLONIES.*Chairman.*

1035. (To Mr. *Hamilton*.) Why was the collector of customs at St. Helena acting in a capacity other than that filled by him at the time when his sureties became liable under a bond of indemnity?—I am not sufficiently acquainted with the circumstances to answer that question; but I will refer to the papers.

1036. I see that the Comptroller and Auditor General calls our attention to the fact that an officer of customs at St. Helena made default, and that his sureties actually paid up the amount of his surety; it was then discovered that he was acting in a different capacity from that in which he was acting when the surety was given, and the Treasury were obliged to refund the money charged to the sureties. Perhaps the Treasury will supply some explanation to the Committee as to how that came to occur?—Certainly.

1037. With regard to another defalcation at St. Helena on the part of the late Assistant Colonial Secretary, and Treasury Officer, was any prosecution taken against him?—No, not so far as I am aware.

1038. Why not?—The circumstances presumably did not justify it.

1039. Is it the practice in St. Helena, whenever a man pays up his defalcations, to let him go without prosecution?—That case has not been before the Treasury. The Committee, I dare say, are aware that this is only a grant-in-aid; the expenditure is not sanctioned in detail by the Treasury.

*Mr. Arthur O'Connor.*

1040. With regard to that very point of its being a grant-in-aid, would you state the view of the Treasury with regard to the aid granted to the Falkland Islands?—I do not quite catch the honourable Member's point.

1041. This is a grant-in-aid; what was it in aid of, as in that case, the revenue was above the expenditure?—I am afraid that would not always be the case. I expect if one looked back to former years one would find a different state of things.

1042. I do not agree with you; I remember in former years bringing up the same point?—I could not answer that myself; it is a matter which I must refer to the Colonial Office.

1043. Supposing you discover that there is a very large surplus; is there any claim upon the colony to hand back any of these monies?—I do not think any surrender is required; but next year there will probably be some reduction of the grant made. For instance, the grant-in-aid to Cyprus varies considerably from year to year.

1044. That is owing to exceptional causes, is it not?—Yes.

1045. But with regard to Fiji, St. Helena, and Sierra Leone, if you find that there is a surplus instead of a deficit, is it incumbent upon the colo-

## APPROPRIATION ACCOUNTS—Class V.

Vote 6.—Grants-in-Aid of Expenditure in  
certain Colonies—continued.*Mr. Arthur O'Connor—continued.*

nies to surrender any portion of the Vote?—I should not like to answer that straight off.

1046. (To Mr. *Ryan*.) Would the Comptroller and Auditor General consider that he would have the right to look for a surrender?—The portion from the colonies is considered revenue.

1047. But this Vote being a grant-in-aid, would he so consider?—No; there would no surrender made of the amount, if it had been once issued to the colony; but yet in most of these cases there is an application for the colony to repay Imperial grants.

1048. Does the Comptroller and Auditor General look after that?—Certainly; and you will see that we state in this very report under Sierra Leone that a repayment of 5,000 *l.* on account of this grant is included in the public expenditure.

1049. Why was that made?—Because it was the condition on which the grant was made that the colony, if able to repay, should repay.

1050. Then why did you not get a similar repayment in the case of the Falkland Islands?—That depends on the conditions made to the colony.

*Mr. Jackson.*

1051. (To Mr. *Hamilton*.) Is it not a fact that the grant to the Falkland Islands is a grant-in-aid of the mail service?—Yes, I believe so.

1052. And therefore it is a special bargain?—Yes.

1053. (To Mr. *Ryan*.) Is not this part of an arrangement made by them that a certain contribution should be made to the mail service?—Yes.

*Mr. Lane.*

1054. (To Mr. *Hamilton*.) Did the Treasury make any inquiry of the colonial authorities why the second defaulter referred to in paragraph 11 of the Report of the Comptroller and Auditor General was not prosecuted?—No, that would not fall on the Treasury.

*Chairman.*

1055. But when the assistant colonial officers in these colonial Governments make defalcations, will not the Imperial funds be ultimately damaged by these defalcations?—It would, I suppose, increase the grant-in-aid.

1056. Take for instance Cyprus; is it not a fact that the grant-in-aid in Cyprus has been materially increased in consequence of the defalcations of officers?—I was not aware of that.

## ON VOTE 7.

## SOUTH AFRICA AND SAINT HELENA.

*Chairman.*

1057. (To Mr. *Hamilton*.) Has the Treasury authority now been obtained for the excesses under Sub-heads B 3, and E.?—Yes, it has been since given.

1058. Why

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Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## APPROPRIATION ACCOUNTS—Class V.

Vote 7.—South Africa and Saint Helena—  
*continued.**Chairman—continued.*

1058. Why was no Treasury authority forwarded to the Comptroller and Auditor General for the composition numbers and pay either of the official staff employed in Bechuanaland, or the police force?—That is a question which the Colonial Office ought to answer.

The further consideration of the Vote was postponed.

On VOTE 9.

## CYPRUS (GRANT-IN-AID).

*Chairman.*

1059. (To Mr. Ryan.) Has any statement yet been supplied to the Comptroller and Auditor General of the extent to which the revenue has been affected by frauds in Cyprus?—No; no statement has been supplied to the Comptroller and Auditor General; but he gathers from the Blue Book that the amount will not exceed 3,500*l.* Perhaps as you postponed the last Vote, you will ask the Colonial Office questions on this Vote also.

1060. On that Vote also.

The further consideration of the Vote was postponed.

## CLASS VI.—On VOTE 1.

## SUPERANNUATION AND RETIRED ALLOWANCES.

*Chairman.*

1061. (To Mr. Hamilton.) The pension of Mr. Moir, the President, St. Kitts, appears to have been calculated as if Mr. Moir had been engaged in the Imperial Service at the time when he was engaged in a purely Colonial Service; is that so?—That is the case; or rather I should say on Foreign Service.

1062. Then is the Comptroller and Auditor General right in saying that the sum which ought to be charged against the Vote is only 253*l.* 6*s.* 8*d.* instead of 272*l.* 6*s.* 8*d.*?—When the Colony was ceded to the Republic of Honduras, the Imperial Government ought no doubt to have made terms with the Republican Government to have looked after the interest of those persons who were at the time employed in the Colony; but I am afraid there was a remissness on the part of the Government. The Treasury thought that, that being so, they were bound to take the consequence, and award the pension.

1063. Can that higher pension be legally charged against the Vote of Parliament, or ought it not to be made the subject of some other special Vote of Parliament?—I think it is one of those cases where a certain amount of latitude must be given to the Treasury. I am afraid that in several of these cases the Act of Parliament has been a little strained.

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## APPROPRIATION ACCOUNTS—Class VI.

Vote 1.—Superannuation and Retired Allowances—*continued.**Mr. Jackson.*

1064. Are there likely to be any more of these cases?—It is difficult to say. I do not think that considering the immense number of cases that crop up every year, this is a very unusual number of special cases this year.

1065. Has it been specially considered whether there will be any lessening of them in future?—You would have to relax the terms of the Act if the Treasury was not allowed a certain amount of discretion. Of course it is quite right for the Comptroller and Auditor General to call attention to it, but we look upon it more as making these difficult cases public than as a question of disallowing them.

*Chairman.*

1066. (To Mr. Ryan.) Have you anything more to say with regard to this particular case?—Not upon this case.

1067. (To Mr. Hamilton.) Then the next case to which the Comptroller and Auditor General calls attention is the pension awarded to the late Roman Catholic priest at Millbank Prison; what has the Treasury to say to the observation of the Comptroller and Auditor General?—A power which the Treasury frequently exercises is that of back-dating, as it were, a new scale of salary. It practically did so in this case of the two priests, one of whom retired, and the other, I believe, remained on, and it was thought only fair that both of them should get the advantage of the increased scale from the same date, and that therefore the man who retired should have the benefit of his pension calculated upon the higher scale.

*Mr. Arthur O'Connor.*

1068. Was that not clearly illegal?—I think the Treasury always has the power of exercising discretion of fixing the date when the new salaries should commence.

*Chairman.*

1069. Had not the recipient of the pension fulfilled one of the conditions mentioned in Section 12 of the Superannuation Act, namely, that of having been in the class from which he retired for a period of three years, immediately before the granting of his allowance?—I think that he was clearly in the class, and had been in it for many years. The fact of the salary being raised in that class did not affect the fact of his being in the class.

1070. (To Mr. Ryan.) Do you not read the 12th Section of the Superannuation Act to mean that a pension may be granted to a person who has fulfilled one of two conditions, either of having been in receipt of the salary for three years, or of having been in the class from which he retired for a period of three years?—Yes; but it would follow that the salary was the salary of the class at the time he retired. This was not the salary of the class at the time he retired. The salary of the class from which he was retired was increased after he retired.

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1071. (To

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Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[ *Continued.* ]

## APPROPRIATION ACCOUNTS—Class VI.

Vote 1.—Superannuation and Retired Allowances—*continued.*

Mr. Arthur O'Connor.

1071. (To Mr. Hamilton.) Would you read the exact words of the section?—"Provided always and be it further enacted that the superannuation allowance to be granted to any officer or person after the passing of this Act shall not be computed upon the amount of the salary enjoyed by him at the time of his retirement unless he shall have been in receipt of the same or in the class from which he retires for a period of at least three years immediately before the granting of such superannuation allowances and in case he shall not have enjoyed his then existing salary or have been in such class for that period such superannuation allowance shall be calculated upon the average amount of salary received by such person for three years next preceding the commencement of such allowance."

1072. Is not that latter part the material portion of the section?—I think that that is only intended to meet the question of a person promoted.

1073. "In case he shall not have enjoyed his then existing salary or have been in such class for that period such superannuation allowance shall be calculated upon the average amount of salary received by such person"?—Then we hold that he had been in the class all that period.

1074. But in this case after he had been retired you imputed to him a rate of pay that he had not been in receipt of?—Yes.

1075. And in order to make your position formally correct, you issued to him an amount of pay which was not due to him at the date of discharge, as if he were entitled to it?—Yes.

Mr. Jackson.

1076. And by giving him that back pay you admitted that you were not entitled to make him the allowance which subsequently you did make him?—I do not quite follow that.

1077. The reason for making him the back pay was what?—To enable us to back-date the higher salary.

1078. Not to back-date the higher salary, but, as I understand, to allow a higher salary for a period of service by an allowance being made for some time after he had left the service?—Yes, that is the case.

1079. And, therefore, here you have a man who leaves the service, and who at the time of leaving it is entitled to a pension of 110 l.; you have no power to give him a pension in excess of the 110 l. at the time he leaves the service, but you get over the difficulty by saying, "We will pass a resolution," or, "We will come to a decision that we will consider that for a certain period of time your wages were so much more," making him that payment so as to put him into the position of being able to make him a larger grant, which you did?—And so as to put him into the position of a man similarly dealt with, who did not retire but who remained on.

1080. Precisely, and if this man had not retired but had remained on it would have been

## APPROPRIATION ACCOUNTS—Class VI.

Vote 1.—Superannuation and Retired Allowances—*continued.*Mr. Jackson—*continued.*

competent for you to have raised his salary?—Yes, and dated it back.

1081. Yes; but is not it a rather different thing, raising a man's salary during the time he is in employment, and dating the period of higher salary back if you like?—I think it is somewhat straining the Act; but it was done in consideration of all the circumstances of the case, as the man was 17 years in service, and according to the new scale of pay five years' service would, I believe, have entitled him to the higher rate; therefore the Treasury thought, as he retired at the very moment when the salary was going to be raised, it would be unjust that he should not get the benefit of that which it was considered only right and fair that the person holding his office should have.

1082. But the increase took place at a period after his retirement?—The application may have come in before; I cannot say how that is; it may have been under the consideration of the Treasury at the time he retired.

Mr. Arthur O'Connor.

1083. Is it not the fact that, in a very large number of cases where men have retired from the service, they have made under circumstances similar to this case an application to the Treasury for an increase of pension, and they have been refused?—I imagine that that may have been the case; but I cannot say.

Mr. Ritchie.

1084. So far as I understand the question, it is this: when the Treasury assented to increasing the scale of pension for this gentleman they did it inadvertently, not knowing that they were acting contrary to law?—I am sure that that is the case. (Mr. Ryan.) Will the honourable Member look at a letter on page 466 of the Estimates?

1085. (To Mr. Hamilton.) I find a letter from the Treasury dated the 15th of May 1884: "Adverting to the award of a pension of 110 l. per annum to the Reverend Vincent Zannetti, late Roman Catholic Chaplain, Millbank Prison, made in the letter from this Department of the 30th January last, and to the re-assessment of such pension agreed to in the further letter from this Department of the 20th March last, I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Secretary of State, that, although their Lordships feel themselves bound by this agreement, they have to notice that it was entered into without for the moment sufficiently recollecting the law applicable to the facts of the case"?—I do not think that that quite tallies with the facts as they appear to be.

1086. But at any rate, according to that letter from the Treasury, it would appear that when the Treasury assented to the re-assessment of the pension to this gentleman they did so without having before them the knowledge of the law, which imposed upon them the obligation of only granting a pension in accordance with the salary?—

I beg

14 April 1886.]

Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## APPROPRIATION ACCOUNTS—Class VI.

## Vote 1.—Superannuation and Retired Allowances—continued.

Mr. Ritchie—continued.

I beg pardon, I misunderstood the honourable Member. I thought the letter referred to re-assessment of salaries; it is the re-assessment of pension. That would be the case.

1087. The Treasury agreed to re-assess the pension inadvertently without a knowledge of the law upon the subject?—That appears to be so according to the letter.

1088. And the fact having been brought to their knowledge subsequently, that they had done a thing contrary to law, in order to carry out the agreement which they had entered into, they somewhat strained their powers by putting themselves in the position of not going against the law, and in consequence having to raise this gentleman's salary?—Yes.

Mr. Lane.

1089. Was this gentleman compulsorily retired?—Not that I am aware of; I do not think he was.

Mr. Arthur O'Connor.

1090. He is a very old man, is he not?—I believe he is.

Mr. Lane.

1091. If he was compulsorily retired would not that affect the question very considerably?—If he has been compulsorily retired he would have been allowed to add a certain number of years to his service for the purpose of computing his pension.

Chairman.

1092. By law?—Yes.

Mr. Lane.

1093. Then if he had been compulsorily retired, this would have been perfectly legal extension of his superannuation payment?—Yes, there is a clause to that effect.

Mr. Jackson.

1094. There is a different scale of pension, is there not, in cases of compulsory retirement?—Yes.

Mr. Ritchie.

1095. You cannot give a man more than his maximum pension, can you?—No; the pension must in no case exceed two-thirds of the salary.

Chairman.

1096. (To Mr. Ryan.) Have you anything further to say in this case?—No.

1097. (To Mr. Hamilton.) Our attention is called by the Comptroller and Auditor General to the case of Sir F. Sandford's pension, in which it appears that the Treasury have assumed that Clause 4 of the Superannuation Act of 1859 is retrospective; do the Treasury contend that that clause is to be retrospective?—I think this is a case in which the Treasury will have to admit that the law was somewhat strained in the interests of equity. It was thought hard that Sir Francis Sandford, who had served in an office which subsequently to his having left it had been awarded a certain number of years, should not have the

0.69.

## APPROPRIATION ACCOUNTS—Class VI.

## Vote 1.—Superannuation and Retired Allowances—continued.

Chairman—continued.

benefit of that, although he had left that particular service when he retired.

1098. When you talk of the Act being strained, am I not right in saying that the addition of so many years to Sir Francis Sandford's service as an examiner in the Education Department, was actually contrary to the terms of the Act?—The Comptroller and Auditor General is supported in that contention by counsel, I admit.

Mr. Arthur O'Connor.

1099. If the Comptroller and Auditor General is supported in this contention by the Public Accounts Committee, will Sir Francis Sandford's pension be reduced?—No, I think not, until Parliament otherwise determined by refusing to grant the money.

Chairman.

1100. Then the next case to which the Comptroller and Auditor General calls attention is the case of an inspector of the Shrewsbury and Holyhead Road; is there any authority under which the Treasury can grant a pension to an inspector of the Shrewsbury and Holyhead Road?—This inspector was entitled to a pension out of funds belonging to the Trust which was handed over to the counties, and the funds were taken over by the Exchequer; therefore, they practically became public funds, and instead of paying the pension out of these funds, the Treasury, for convenience more than anything else, charged it to the ordinary Superannuation Vote.

Mr. Arthur O'Connor.

1101. What right had they to charge it to anything?—They appropriated the fund, so to speak, out of which the man could claim a pension.

1102. Under what Appropriation Act did the Treasury take that money and so apply it?—I believe it was under the Act that transferred the Trust to the local authorities.

1103. Does the Act make provision for the pension of officials?—No, but I believe that under the original arrangement of service of this inspector, he had a claim, I do not say a legal claim, but an equitable claim, to pension out of these funds.

1104. But what right has the Treasury to appropriate public money because they consider that an individual had an equitable claim?—The appropriated money was not public money before; they appropriated the money out of which this man ought to have received his pension.

1105. Why did they account for it then if it was not public money?—It was part of the bargain made with the local authorities, in order to get rid of this Trust; they handed it over to a public body on certain conditions, and one condition was, that the surplus funds should be transferred to the Exchequer.

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1106. (To

14 April 1886.]

Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## APPROPRIATION ACCOUNTS—Class VI.

Vote 1.—Superannuation and Retired Allowances—*continued.**Chairman.*

1106. (To Mr. *Ryan.*) Have you any observations to make upon this case?—Of course the Committee will understand that the Comptroller and Auditor General has nothing to do with the equity of the case, but he has only to do with the law.

1107. (To Mr. *Hamilton.*) Then the Comptroller and Auditor General calls attention to the fact that service prior to the date of a Civil Service certificate has been allowed, and has been counted towards a pension; what observations have you to make in reply to that?—It is a case in which the Treasury is bound to take upon itself responsibility. In this case there were special circumstances which the Treasury were bound to take into account.

1108. But I understand that you do not contend that it was within the letter of the law?—No, perhaps not the letter.

1109. And you would make the same reply probably, in the case of the Court of Bankruptcy. The case of the inspector in the office of the Comptroller of the Court of Bankruptcy is analogous to that of the inspector of the Shrewsbury and Holyhead Road, is it not?—No, it is not an analogous case; this is the case of a person who was not in the enjoyment of a Civil Service certificate, up to a certain date; he then made himself eligible for a pension, by obtaining, with the permission of the Treasury, a certificate under Section 7 of the Order in Council of the 4th June 1870, and then the Treasury held, as has often been their practice in these cases, that having made himself eligible for pension he might be allowed to count the service previous to that time when he got his certificate.

1110. (To Mr. *Ryan.*) Have you anything to say on the over-payments to which attention has been called by the Comptroller and Auditor General?—They are admitted over-payments.

1111. (To Mr. *Hamilton.*) With regard to the three officers of the Shrewsbury and Holyhead Road, what do you say?—Those are on all fours with the case we have already mentioned of the inspector of the Shrewsbury and Holyhead Road.

*Mr. Arthur O'Connor.*

1112. Does the Treasury still maintain its contention that there is no reason for confining this Sub-head B. to pensions awarded to officers, whose salaries have been paid out of voted monies; that is to say, out of voted monies, out of this Vote, you give a pension to a man whose salary does not come out of voted monies, at all?—I think you will find that the Resolution of the House of Commons covers that.

1113. That is, "superannuation and retired

## APPROPRIATION ACCOUNTS—Class VI.

Vote 1.—Superannuation and Retired Allowances—*continued.**Chairman.*

allowances to persons formerly employed in the public service, and for compassionate or other special allowances or gratuities awarded by the Commissioners of Her Majesty's Treasury in the year ended 31st March 1885"?—The Vote runs, "Estimate of amount required in the year , to pay Superannuation and Retired Allowances to persons formerly employed in the public service, according to the provisions of various statutes \* \* \* and for Compassionate or other Special Allowances and Gratuities awarded by the Commissioners of Her Majesty's Treasury."

*Mr. Arthur O'Connor.*

1114. Are there any rules and regulations with regard to those special allowances?—Yes, there would be rules and regulations to cover them. This was a very peculiar case.

1114\*. Have they ever been laid on the Table of the House of Commons?—I do not know.

*Chairman.*

1115. (To Mr. *Ryan.*) Have you anything to say on this particular case?—I should like to read the latter part of Section 17 of the Act, which applies to the observation made here; "no person shall be entitled to any superannuation allowance under this Act, unless his salary or remuneration has been provided out of the Consolidated Fund of the United Kingdom of Great Britain and Ireland, or out of monies voted by Parliament."

1116. (To Mr. *Hamilton.*) What would be the answer of the Treasury to that?—I think they might regard this man for the moment as having been practically paid out of public funds.

1117. Are you speaking of the officer of the Shrewsbury and Holyhead Road?—Yes; those funds out of which he was formerly paid had been converted into public funds.

*Mr. Arthur O'Connor.*

1118. I may be misunderstanding you; if not, you appear to me now to be rather shifting your ground. Just now you said that the Vote would cover this, whether the salary was regarded as having come out of voted monies or not?—The Vote is, I think, wide enough to cover it; whether or not the salary of the man may be regarded as having been paid out of the voted moneys.

1119. The Vote is wide enough to cover it, whether the salary did come out of voted money or not?—Yes, I would go so far as to say that.

The further consideration of this Vote was postponed.

[The Witnesses withdrew.]

*Wednesday, 5th May 1886.*

MEMBERS PRESENT:

Sir Walter Barttelot.  
Sir John E. Gorst.  
Mr. Magniac.  
Mr. Arthur O'Connor.

Mr. Ritchie.  
Mr. Rylands.  
Mr. Seely.

SIR JOHN E. GORST, IN THE CHAIR.

CIVIL SERVICE APPROPRIATION ACCOUNTS, 1884-85.

Mr. EDWARD W. HAMILTON, C.B., and Mr. CHARLES LISTER RYAN, C.B., re-called;  
and further Examined.

CLASS I.—On VOTE 22.

PUBLIC BUILDINGS, IRELAND.

Lieut. General RICHARD HIERAM SANKEY, C.B., R.F., called in; and Examined.

*Chairman.*

1120. WHY was no Treasury sanction originally obtained for the Arklow Coast Guard Station?—The reason for the position of this item was due to a discussion between the office and the Comptroller and Auditor General as to the charging for the capitalization of the ground-rent. It was a small amount, and the office held that this charge was due to Sub-head A., as being rent; the true amount of capitalization was 95*l.*; and the Comptroller and Auditor General, having ruled that that was debitable to Sub-head B., the charge was so made.

*Mr. Arthur O'Connor.*

1121. With regard to the first item on page 70 of the Estimates, you appear to have obtained sanction for the expenditure of 487*l.* for Constabulary Huts on the 29th May 1885; that was after the expiration of the financial year; how was that?—The charge itself was due to an emergent demand on the part of the Irish Government for these huts; they are invariably emergent charges, from the nature of the requirement.

1122. Do you remember now the date at which those huts were set up?—I cannot at this moment give the exact dates, I am afraid, when they were set up; but the charge fell within that financial year, and we had to ask sanction.

1123. But you had no authority within the financial year?—As you observe the authority was given after the financial year, but the expenditure was incurred within the financial year.

1124. Would it not be possible to obtain in cases of emergency of this kind at any rate pro-

*Mr. Arthur O'Connor—continued.*

visional Treasury authority before spending money on your own account?—I am not quite certain of the dates, and it is difficult under those circumstances to say whether the difficulty arose with reference to anything in our own office or at the Treasury, and whether subsequent explanations were required. If any explanations were called for, as I think there were, that would delay the sanction of the Treasury; but the expenditure having taken place within the year, it was necessary to show it in these accounts.

1125. When work has to be taken which is not provided for in the Estimates, what is the practice of the department with respect to Treasury authority?—We invariably submit the case to the Treasury, submitting the best explanation in our power. Very often these matters arise from causes beyond our control altogether, as has been the case in this particular account with reference to the ordinary literary schools which depend entirely upon the Act, and this Act places the expenditure entirely beyond the control of the Education Department, our Department, and the Treasury.

1126. Do you recollect the case of a new Palm House in the Botanic Gardens last year?—Yes.

1127. Was not that a case in which a very considerable sum of money was expended without any sanction at all being obtained many months after the expiration of the financial year?—There was a very long discussion on that subject, which, if I am not mistaken, is very fully gone into in the explanations offered by the Treasury.

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1128. We

5 May 1886.]

Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Lieut. General  
SANKEY, C.B., R.E.

[Continued.]

## APPROPRIATION ACCOUNTS—Class I.

Vote 22.—Public Buildings, Ireland—*continued.*Mr. Arthur O'Connor—*continued.*

1128. We had not the advantage of your evidence last year, I think?—No, I was not here; but the whole of the explanation, so far as details are concerned, is given fully in the Minutes of Evidence, showing that it was necessary in that case to expend that sum, in order to save public property.

1129. But was it necessary to delay obtaining Treasury sanction before the expenditure actually took place?—I suppose it was due to the care of the Treasury in ascertaining exactly how the matter stood, and whether there were sufficient grounds for it rather than anything else.

1130. Supposing you have to meet some unforeseen expenditure, do you invariably apply to the Treasury before you expend anything on the account?—We do, so far as possible.

1131. Can you conceive any case in which it is impossible to communicate in an emergency with the Treasury?—I think, if I may be permitted to express an opinion, it may be very difficult, as for instance, in cases of expenditure arising out of storm, flood, fire, and so forth, to indicate to the Treasury at once the amount which would be required, and until we are really in the position to indicate the amount it would be probably injudicious; it would merely acquaint the Treasury with the fact without giving them material upon which to form an opinion.

1132. Could you not apply for provisional sanction for a certain sum?—It might be very difficult until we had ascertained the amount required.

1133. What difficulty would there be in applying for provisional sanction for a minimum sum?—There may be a great number of contingencies; a building may be damaged to such an extent that it might be desirable to change the whole structure, build a new one, or adopt other measures. A great number of considerations always enter into these matters. I may say that nearly all our expenditure (at any rate a great portion of it) is in consequence of storm in our coastguard stations and others.

1134. (To Mr. Hamilton.) Do you know whether the Treasury are still in the same mind as they were last year with regard to delay in obtaining sanction for unforeseen expenditure by the Public Works Department of Ireland?—I was not aware that special attention had been called to that.

Chairman.

1135. (To Mr. Ryan.) Have you anything to say with regard to this?—No.

Mr. Rylands.

1136. (To Lieut. General Sankey.) With regard to the item under Sub-Head B., "State Residences, Sanitary Works, 2,274 l. 5 s. 3 d.," those sanitary works were not contemplated at the time the estimate was laid before Parliament for Public Works, Ireland, were they?—The Treasury's sanction I see is given on the 6th of February 1885.

1137. But this is an expenditure previous to

## APPROPRIATION ACCOUNTS—Class I.

Vote 22.—Public Buildings, Ireland—*continued.*Mr. Rylands—*continued.*

February 1885?—Quite so; the expenditure arose out of an emergency which was connected with an attack of typhoid fever sustained by Lord Spencer's brother; and though it was not very completely brought home to the sanitary condition of the Viceregal Lodge, yet on having the building very thoroughly explored by an expert, it was found that the whole drainage was in such a condition that it was very desirable to reform it at once.

1138. Can you tell me what was about the date of the circumstances to which you have alluded?—I am speaking very much from recollection, but I think it must have been about October.

1139. October 1884?—Yes; it must have been about then.

1140. Then when it was supposed that it was owing to the defects of the drainage that there was a disease, although it was not absolutely traced, it was thought desirable by the authorities in Dublin to have the whole affair investigated, and the sanitary arrangements remodelled; that was the case, was it not?—Yes.

1141. At that point was there any communication made with the Treasury to get sanction for a considerable expenditure for this purpose?—The question was one in which very much was involved; it required a lengthy examination on the part of an expert brought over for the purpose, and a great deal of correspondence went on with the Treasury in an unofficial form to ascertain what was the best course to be followed, and it did not assume a form convenient to be placed on public record until the preliminaries had been arranged.

1142. Then did it amount to this, that there was an informal sanction on the part of the Treasury before the works were commenced, and that subsequently the formal sanction was obtained after the works were completed?—There was a general understanding until we were in a position to report exactly the expenditure likely to occur.

1143. And in point of fact you consider that the Treasury were consenting parties to the expenditure of this sum of money for this purpose, although it was not included in the Estimates, but originated in an unforeseen manner?—That is so, upon the advice we gave, knowing all the circumstances. I was principally engaged in the matter myself in settling what we thought would be the best to be done under all the circumstances; and being a very complicated case we arranged that certain procedure should take place. We had to make arrangements with an engineer who was called over, and a great deal more besides.

1144. But you are able to say that at that time before the expenditure was over, you had a general approval of the Treasury to the operations?—Yes, although we had no specific grant, and could have had no specific grant until the whole of the circumstances were known, and the estimate was framed.

1145. (To

5 May 1886.]

Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Lieut. General  
SANKEY, C.B., R.E.

[Continued.]

## APPROPRIATION ACCOUNTS Class I.

Vote 22.—Public Buildings, Ireland—*continued.**Chairman.*

1145. (To Mr. Ryan.) Have you any remark to make with regard to this point?—It might facilitate the reference which the Comptroller and Auditor General makes to the Committee on this point, if, when the Treasury give a sanction which in point of date is after the expenditure has been incurred, while they have really good reason to believe the application is made to them as soon as possible, they express themselves satisfied with the sanction not being called for earlier. The Comptroller and Auditor General, when that comes before him, would not then bring it before the Committee as a case where the Treasury sanction is given subsequent to date, and the questions that have just been raised, where he has not got that expression of opinion on the part of the Treasury, would not therefore arise again; he would not consider the sanction an *ex post facto* sanction, and would report it accordingly.

1146. (To Mr. Hamilton.) Do you think the Treasury, in giving formal sanction to expenditure incurred in Ireland in cases where a previous less formal sanction has been given, could allude to that in the manner suggested by Mr. Ryan?—I do not think there would be any difficulty about it.

Mr. Arthur O'Connor.

1147. (To Lieut. General Sankey.) With regard to the furniture in public offices in Ireland, can you inform the Committee whether the furniture in offices in Ireland is catalogued and accounted for; is there any register kept?—We have a very complete inventory of the furniture of all offices.

1148. You have had no difficulty about keeping it up?—Yes, it has been a very difficult matter.

[Lieut. General Sankey withdrew.]

## CLASS II.—On VOTE 29.

## SECRET SERVICE.

*Chairman.*

1149. (To Mr. Hamilton.) Have you any Memorandum to hand in on the part of the Treasury with respect to the question of the vouching of the accounts for Secret Service expenditure?—I have a Minute that has been drawn up by the Treasury.

1150. Will you please read that Minute?—It is dated 19th April 1886, and is as follows: "My Lords have had under consideration the remarks made by the Public Accounts Committee in their Second Report, dated July 1885, on the expenditure out of the Vote for Secret Service, and also of the sum charged for the same purpose upon the Consolidated Fund. Under the arrangements made with regard to this Vote, in pursuance of the Exchequer and Audit Act, the duty of the Treasury is practically restricted to obtaining from the Ministers who expend the money certificates of the amount spent to serve instead of 0.69.

## APPROPRIATION ACCOUNTS—Class II.

Vote 29.—Secret Service—*continued.**Chairman—continued.*

vouchers for the expenditure. In pursuance of this duty, my Lords propose that this certificate should in future be worded as follows: 'I hereby certify that the amount actually expended by me, or under my directions, for Secret Service in the year ended 31st March 18 was £.

and that the balance in my hands on the said 31st March was £.

And I further solemnly declare that the whole of the sum so expended has been paid for purposes to which in my belief Parliament intended that Secret Service money may be applied, and that no part of the same has been paid for any service which has been or could properly have been provided by an ordinary Vote of Parliament.' My Lords further consider that it will be right to extend the rule which applies to voted Secret Service to the sum charged on the Consolidated Fund for similar purposes; and they will instruct their Parliamentary Secretary accordingly. (1.) Let a copy of this Minute be communicated to the Public Accounts Committee. (2.) Let a copy be sent also to the Comptroller and Auditor General. (3.) Let copies be sent to the Secretaries of State for Foreign, Home, and Colonial Affairs; to the Secretary of State for War, the Board of Admiralty, and the Chief Secretary for Ireland, and let a copy also be communicated to the Parliamentary Secretary of the Treasury."

1151. (To Mr. Ryan.) Have you any observations to make or any Minute to present upon that?—Perhaps the Committee would like to hear a short answer which the Comptroller and Auditor General sent to that Minute when it was communicated to him in the first instance.

1152. If you please?—It is headed "Exchequer and Audit Department, 29th April 1886," and is as follows: "I am directed by the Comptroller and Auditor General to acknowledge the receipt of your letter of the 22nd instant, transmitting Copy or Minute on the Account of Secret Service Expenditure, which it is stated the Lords Commissioners of Her Majesty's Treasury have laid before the Committee of the House of Commons on Public Accounts. The Comptroller and Auditor General has given to the Minute which accompanied your letter the respectful consideration due to any decision on their Lordships' part. He has only to observe, however, with regard to its terms, that while he has neither the right nor the inclination to express any opinion with reference to the directions which their Lordships have thought it proper to give to the various officers of State, who act as Sub-Accountants to the Treasury, in respect of expenditure for Secret Service Money, he must request that it shall be clearly understood that he cannot accept as in any way binding upon him, or as conclusive for the audit of the Secret Service Vote, any declaration, certificate, or other document emanating from any other authority than that of Parliament itself, which may in his judgment be either inconsistent with or be inadequate to satisfy the requirements of the Exchequer and Audit Act, governing this as well

5 May 1886.]

Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

## Vote 29.—Secret Service—continued.

*Chairman—continued.*

well as all other public expenditure falling under it." That is the reply which the Comptroller and Auditor General made to the letter of the Treasury. The only other statement which he wishes me to make to the Committee on his behalf at the present time is to read a Memorandum, which is explanatory of the evidence which he gave here last year, and which he thinks it might be convenient for the Public Accounts Committee to have.

1153. Will you then read that Memorandum? —"Memorandum by Sir William Dunbar, dated 24th March 1886, as to Secret Service Money voted by Parliament. (1.) The mode of dealing with the accounts of this Vote" (that is, Secret Service Money voted by Parliament) "is prescribed by the Exchequer and Audit Departments Act, an Act which, it must be remembered, was subjected to critical examination by a special Committee, consisting of the highest financial authorities in the House of Commons, before it was passed into law. The Act in question places all the Votes of Parliament, inclusive of the Secret Service Vote, on one and the same footing, both as to rendering the Departmental Account, and as to the verification of the expenditure for the satisfaction of Parliament. The simple question therefore is, has any solid reason been assigned for setting aside the deliberate provisions of the Legislature, as embodied in the Exchequer and Audit Departments Act, in favour of some arrangement such as has been suggested outside the statute? The only reason hitherto brought forward in justification of departmental resistance to the Law of Parliament is, that if proofs of the application of Secret Service Money were placed in the hands of the Comptroller and Auditor General, such a course might possibly admit him to a knowledge of some of the purposes covered by the Vote which, in the interests of the public service, should be kept undivulged. In my judgment, though a plausible, it is by no means a convincing reason for evading the clear requirements of the Exchequer and Audit Departments Act. Secret Service Money, when disbursed, must of necessity pass through many hands; and why should the same trust, which is, and must be reposed in subordinate officers, not be extended to the Comptroller and Auditor General, who is a high Parliamentary functionary, holding one of the most responsible offices under the Crown, and is therefore bound by every obligation of duty and honour to act with discretion and without reproach? It may be safely assumed that, so far from revealing anything which would be compromising to the interests of the State, the only items in the Secret Service Account which he is likely to challenge publicly would be payments, if any such occur, which have been applied to other than Secret Service purposes, and would consequently not be properly chargeable to the Vote. In all other respects, his examination of the Account would be conducted under the seal

## APPROPRIATION ACCOUNTS—Class II.

## Vote 29.—Secret Service—continued.

*Chairman—continued.*

of secrecy; and no documents or evidence would be called for but such as may be reasonably required to satisfy him, for the information and satisfaction of Parliament. What must further be borne in mind is, that the entire functions vested in the Comptroller and Auditor General are based on trust, and that, when the Exchequer and Audit Departments Act was passed, it was not within the view or intention of the House of Commons to withdraw from his cognizance any expenditure connected with Secret or any other Service. (2.) With regard to the 10,000*l.* annually paid to the Patronage Secretary from the Consolidated Fund, I have only to repeat what I have previously expressed to the Public Accounts Committee, that there is, in my opinion, no adequate ground for not placing this sum on the Votes, and thus bringing it under the annual review of the House of Commons. (3.) It only remains for me to devote a few words to the proposal that, in accounting for the Secret Service Vote, declarations should be substituted and accepted for actual vouchers, or evidences of payment. To this proposal I strongly demur, not only because it is not for the Treasury, but for the Comptroller and Auditor General to determine what evidence is needful to satisfy his mind, in order that he may satisfy the mind of Parliament, but also because declarations, even when furnished in the form prescribed by the Old Civil List Act, it is well known, did not afford unimpeachable evidence that public moneys voted for Secret Service have invariably been applied to its only legitimate purposes. Besides I entertain a strong impression that, if declarations were made, as they ought to be, very stringent, it would be found more irksome and distasteful for the Heads of Departments to grant them than to give the Comptroller and Auditor General access to such documents as in the exercise of a judicious discretion he may ask for, in order to facilitate the faithful performance of his duties. (4.) On the foregoing grounds, I hold that it would not be for the public advantage to except the Secret Service Expenditure from the operation of the Exchequer and Audit Departments Act, whether by legislation or by arrangement, tending to curtail the existing Parliamentary powers of the Comptroller and Auditor General."

1154. (To Mr. Hamilton.) Are there any other facts in connection with this question which the Treasury think ought to be brought under the notice of the Public Accounts Committee?—I would only say this much, that I have no authority from the Treasury to assent to the claim which the Comptroller and Auditor General sets up, although I am perfectly aware he is quite within his right to set up that claim.

1155. Do you think that the facts are sufficiently before us to enable this Committee to pronounce an opinion, if the Committee determine to pronounce any opinion at all?—I think so.

1156. (To

5 May 1886.]

Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

## Vote 29.—Secret Service—continued.

Mr. Magniac.

1156. (To Mr. Ryan.) With regard to that Memorandum I think there is an expression "What is properly chargeable to the Secret Service Fund." Is there any direction on record of what is to go that fund?—There is no actual definition so far as I know of what is properly Secret Service. I think that there would be an understanding which would be admitted both by the Department and by the Comptroller and Auditor General, as to what is and what is not a proper Secret Service charge. The main definition is that it is not a charge which could properly fall upon any other Vote of Parliament, while it is a charge that should be defrayed by the public. You cannot define it, I think, more closely than that.

1157. (To Mr. Hamilton.) Is it your view that the Treasury and the Comptroller and Auditor General could come to an understanding as to what is properly chargeable or not to this Vote?—The Honourable Member will understand that I know nothing about the disposition of the Secret Service money any more than any Member of the Committee; it is therefore beyond my province to express any opinion in regard to it.

Mr. Ritchie.

1158. (To Mr. Ryan.) Supposing that the system which you suggest were adopted, and there were a conflict of opinion between the Comptroller and Auditor General and any Department as to the appropriation of any portion of this money, how would the matter be settled?—I have no authority to make any answer to that question, but I think that there would be a possible solution of that point; you must remember that the proposal is not that the document should be sent broadcast to the Audit Office, but that the account showing the expenditure should be submitted to the Comptroller and Auditor General himself, as he stated in his evidence last year. If he found any payment which he thought was open to challenge, his first act would be to say to the Head of the Department who had authorised it, "This seems to be a doubtful payment; what were its grounds?" If the Head of the Department satisfied him that it was a proper payment within the meaning of the Secret Service Vote, he would, of course, pass it without further objection; if, on the other hand, the Head of the Department was unable to satisfy him that it was so, the only other referee, as it seems to me, that could be called in (and I make this suggestion not with any authority from the Comptroller and Auditor General) would be that the Chairman of the Public Accounts Committee might have the question referred to him in the same confidence (and it would be only the doubtful questions that are meant). Does this, or does it not (where it came to be a question of doubt), fall within the province of Secret Service? It is only carrying the same principle through, which is the case in other open accounts, viz., that

0.69.

## APPROPRIATION ACCOUNTS—Class II.

## Vote 29.—Secret Service—continued.

Mr. Ritchie—continued.

where there is a difference of opinion between the Comptroller and Auditor General and other Departments, it comes here, and it would equally come here in this case, but it could not come publicly, and so it would be referred to the Chairman.

1159. That is exactly the difficulty that occurred to my mind, if there was a difference of opinion between you and a Department, that if there was a Court of Appeal it would become necessary for you to produce evidence, and that would at once give publicity to the whole matter, which would be most undesirable; and you get over that by the suggestion that it should be laid before the Chairman?—To whom that matter would be referred under the same seal of confidence as to the other persons. I am assuming in that case only two other people, the Comptroller and Auditor General and the Secretary of State.

Mr. Seely.

1160. Your answer has rather anticipated what I was about to ask. Supposing these recommendations of the Comptroller and Auditor General were carried out, is it proposed that a statement of how the money has been disposed should be made to the Comptroller and Auditor General himself personally, or, if not, to how many gentlemen in the office?—That point was discussed last year. The Comptroller and Auditor General stated that it would be made to him personally, whether he would go one step further and say to him or his assistant, I do not know; but not beyond that in any case.

1161. Not beyond two in the Audit Office?—No.

Mr. Magniac.

1162. With regard to this Report of the Comptroller and Auditor General on the Secret Service Vote, he says that he is not satisfied with the proofs of payment, and inquires whether there are any further documents or vouchers. I apprehend that he requires certain documents or vouchers, but it is generally believed to be the fact that payments are made in the Secret Service without vouchers. Assuming that to be so, how would you act, supposing there were no vouchers?—I cannot express an opinion upon an account which I have never seen. There may be no vouchers, but the Comptroller and Auditor General asks formally here for documents or vouchers, because he has nothing else which he can ask for. The Committee must understand that we are all talking in the dark. I have no more knowledge of the Secret Service than Mr. Hamilton has; therefore I can answer no question to good purpose about it; but I assume that if there are not vouchers, there is an account in which the expenditure is set forth; otherwise they could not strike a balance as they do.

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1163. Is

5 May 1886.]

Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## APPROPRIATION ACCOUNTS—Class II.

Vote 29.—Secret Service—*continued.*

Mr. Arthur O'Connor.

1163. Is it not within the knowledge of the Comptroller and Auditor General that there has been passed, at any rate once, an expenditure out of Secret Service money which it was afterwards recognised ought not to have been defrayed out of Secret Service money, and was not the money so expended accounted for as an Exchequer Extra Receipt?—I think not; I think what the Honourable Member is alluding to is a salary charged upon the Secret Service.

1164. No; I was speaking of a sum of 19*l.* which, in the year before last, or the year before that, was credited as a repayment?—Now I remember that that sum was credited as a repayment, and therefore, of course, from the fact that it was so credited, it was not expended; it does not follow that it was not issued rightly.

1165. I want to go on from that to this point: you had no means, had you, of judging whether that money came out of the voted Secret Service money, or out of the 10,000*l.* allowed to the Secretary of State?—Yes, we had, because we knew in the accounts of what officers it was re-credited.

1166. Did you know on what account it was re-credited?—We knew the account of the officer who brought the re-credit to account.

1167. But did you know on account of what service within his purview?—We could not tell what service he used it for.

1168. Therefore it may be quite possible still that there often is what there has been before, the defraying out of Secret Service money of that which ought to be defrayed out of something else, and the Comptroller and Auditor General has no power at present of exercising any check upon anything of the kind?—It is perfectly possible that if the Comptroller and Auditor General objects to a payment on an open vote, because it seems to him a wrong one, a person distributing Secret Service money may discharge it from Secret Service money; we cannot tell that.

Mr. Rylands.

1169. But the contention of the Comptroller and Auditor General is, that where Parliament has provided money for a particular service, any charge having relation to that service, and being within the conditions of the Vote of Parliament, ought not to be kept from the knowledge of Parliament?—Yes.

1170. I am speaking of voted services for special objects; you have just alluded, in your reply to the case of a salary; the case of that salary is well in my mind, because I was the means of unearthing the fact that the Secret Service Vote had been charged for a number of years

## APPROPRIATION ACCOUNTS—Class II.

Vote 29.—Secret Service—*continued.*Mr. Rylands—*continued.*

with a salary of 500*l.* a year, which might properly have been charged under the Voted Service of the Foreign Office?—And is so now charged.

1171. The immediate effect of finding that out and making the Department acknowledge, after great difficulty, that this 500*l.* was charged to Secret Service improperly was, that a reduction of the salary was made on the first vacancy in the office; that salary was reduced to 300*l.* a year and charged to the Foreign Office Vote?—That is so.

1172. I presume that what the Comptroller and Auditor General desires is that he should have such a power that if any such charges are made which might properly belong to voted public services, those charges should be questioned by him, and that if they were not withdrawn by the Department there should be some means or other by which Parliament should not continue to vote under Secret Service what it has a perfect right to vote on an open Vote?—Yes; and in the answer which I gave to a former question I defined as Secret Service money any sum not chargeable to any other Vote; and the Treasury admit that in their proposal.

Chairman.

1173. (To Mr. Hamilton.) Have you any further remark to make on behalf of the Treasury?—On one point I should take exception to what Mr. Ryan has said. He said that supposing the Comptroller and Auditor General disallowed any charge upon a particular Vote, any one in charge of Secret Service money might defray it out of Secret Service money. Whatever may have been possible hitherto, I think no one who did that could sign this certificate which is proposed by the Treasury, which says, "And I further solemnly declare that the whole of the sum so expended has been paid for purposes to which, in my belief, Parliament intended that Secret Service money may be applied, and that no part of the same has been paid for any service which has been or could properly have been provided by an ordinary Vote of Parliament." It is quite clear that no charge of that kind could be made unless the certificate was a false one.

Mr. Arthur O'Connor.

1174. Supposing 20,000*l.* to be refused by Parliament as the price of the head of Osman Digna, could that not have been paid out of Secret Service?—I do not see how that could be done, regard being had to the spirit and letter of the proposed declaration.

5 May 1886.]

Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## APPROPRIATION ACCOUNTS.

## CLASS III.—On VOTE 20.

LAW CHARGES AND CRIMINAL PROSECUTIONS  
(IRELAND).

Mr. Arthur O'Connor.

1175. (To Mr. Ryan.) Under the head of "Extra Remuneration," there is the following statement: "These sums include payments of 10*l.* 10*s.* and 16*l.* 16*s.* respectively made to them on account of a prosecution by the Board of Trade; and in the case of the Attorney General, a sum of 42*l.* from escheated estates."

## APPROPRIATION ACCOUNTS—Class III.

## Vote 20.—Law Charges and Criminal Prosecutions (Ireland)—continued.

Mr. Arthur O'Connor—continued.

When this question was asked of you, at No. 878, "Are you able to audit such a thing as that?" you answered, "No, we know nothing about that; it is a statement of the Accounting Officer?"—That is so.

Chairman.

1176. (To Mr. Hamilton.) Could you ascertain the facts about that?—Yes, I will make inquiries.

## CLASS V.—On VOTE 7.

## SOUTH AFRICA AND ST. HELENA.

Mr. FRANCIS R. ROUND, called in; and Examined.

Chairman.

1177. (To Mr. Round.) Has the Colonial Office now received Treasury authority for the excesses under B 3. and E. mentioned in the Comptroller and Auditor General's Report?—Yes.

1178. Why was no authority given by the Treasury for the composition numbers and pay of the official staff employed by Sir Charles Warren, or of his police force?—I think Sir Hercules Robinson had instructions to raise the police force as rapidly as possible when he went out; a certain sum of money was authorised to be advanced from the Treasury Chest, and put at his disposal, and he received general instructions on the subject, which the Treasury approved. This was some time before Sir Charles Warren went out. This police force was the force raised when Mr. Mackenzie first went up as Deputy Commissioner, even before he got up into Bechuanaland.

1179. Then have the Treasury not given any subsequent authority for the composition, numbers, and pay of this police force?—No, I do not think they have for the composition of the force beyond the numbers; the number was referred to them.

1180. Do I correctly understand that these officials who were sent into the territory adjoining the Transvaal had general authority to appoint such officers and police force as they thought expedient without further reference?—No. Sir Hercules Robinson had instructions to send Mr. Mackenzie up there, whose salary was fixed, and the Treasury certainly were informed of it. That police force was to be raised, and he was to submit the estimate of its cost home as soon as Mr. Mackenzie had got up there. When Mr. Mackenzie got up there it turned out that the freebooters were in possession of the land, and no regular estimates were prepared.

1181. What I understand the Comptroller and Auditor General to report to us is that although subsequently there was an official staff appointed by Sir Charles Warren, Mr. Rhodes, or some-

Chairman—continued.

one, yet no authority, either antecedent or subsequent, was ever given by the Treasury for the composition, numbers, and pay of this staff. Has there never been any authority; has it simply rested upon the volition of Sir Charles Warren, or Mr. Rhodes, or whoever the principal officer might have been?—Sir C. Warren had no official civil staff; Sir Hercules Robinson was the authority; he did authorise the force which was reported in despatches laid before Parliament; but we never asked the Treasury to approve the details of that force; not the detailed rates of pay, and so on.

1182. When were the accounts of expenditure under Sub-Head F. (that is the expenditure for Bechuanaland) received at the Colonial Office?—The accounts for the quarter to June 1884, which the Comptroller and Auditor General alludes to, were received at the Colonial Office on the 31st July. We then wrote to the Treasury, and asked whether these accounts were to be examined in the Colonial Office. The Vote had been taken as a Grant-in-Aid of Bechuanaland, with the idea that there would be a staff in Bechuanaland who would render accounts of their own expenditure, and naturally a local auditor would have been appointed; but owing to the state of the country no regular Government was established there at that time, and the Treasury eventually decided, after a correspondence which lasted some months with our office, that we were to examine the details of the expenditure.

1183. Then is that the reason why the accounts and vouchers were rendered to the Comptroller and Auditor General too late for any examination by him?—That was partially the reason. The accounts for the later quarters, September and December, were received by us in April 1885, and the accounts for the March quarter at the end of May; we sent him some of those accounts in August, and some, I think, in September, and the latest ones at the end of the year with the Appropriation Account, at the end of November.

K 2

1184. Have

5 May 1886.]

Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. ROUND.

[Continued.]

## APPROPRIATION ACCOUNTS—Class V.

Vote 7.—South Africa and St. Helena—*cont<sup>d</sup>*.*Chairman*—continued.

1184. Have any further vouchers or explanations been communicated to the Comptroller and Auditor General in reference to the item mentioned in paragraph 8 of his Report, viz., "200*l.* for grain supplied to the Chief Montsioa, and of 316*l.* 0*s.* 2*d.* for ammunition supplied to the same Chief"?—I do not think that anything subsequent to the date of this Report has been supplied. (Mr. Ryan.) The Comptroller and Auditor General has received satisfactory evidence since the date of the Report upon these items.

1185. (To Mr. Round.) Has the Comptroller and Auditor General also received satisfactory proof of the payment of 16*l.* 8*s.* for forage for a detachment of the police at Vryberg?—Yes, we sent a voucher for it to him; but the Comptroller and Auditor General took exception to the 316*l.*, as not coming within the various services which the Vote was intended to cover; whereas the Vote was taken for establishing a Protectorate in Bechuanaland, and this ammunition was sent up to Montsioa for the purpose of protecting him before the police reached Mafeking.

1186. What has been the result of the prosecution of the consular officer at Pretoria who was guilty of defalcations?—We have not heard yet.

1187. When did that prosecution take place?—I think the Transvaal sessions were to take place this month.

*Mr. Arthur O'Connor.*

1188. With regard to the delay which took place in the forwarding of accounts from the Colonial Office to the Comptroller and Auditor General, which I think you said in one case was four or five months, how many officials have you in the Colonial Office who are concerned with the examination or auditing of the accounts which you receive from the colonies?—There are three gentlemen and a half employed in the Accounts Branch. I should like the Honourable Member to understand that the accounts of the expenditure in the colonies as a rule do not go through our branch at all; they go direct from the Accounting Officer of the colony to the Audit Office. In the case of a grant-in-aid to a colony we pay the money over to him, and we do not profess to examine his detailed accounts afterwards; but in this case, owing to the delay in the establishment of a regular Government or regular staff for the Protectorate, we had eventually to undertake the examination of these accounts. At the same time we have never before examined the detailed accounts of a Vote taken as a grant-in-aid.

1189. Is the work in your Accounts Branch so much in arrears that you could not have examined and sent this particular account to the Comptroller and Auditor General sooner than you did?—The Honourable Member will see that this particular Sub-Head F. embraces 33,500*l.* of expenditure out of 43,000*l.*; therefore that was far in excess of the ordinary expenditure under the South African Vote; it was introducing an entirely new element.

## APPROPRIATION ACCOUNTS—Class V.

Vote 7.—South Africa and St. Helena—*cont<sup>d</sup>*.*Mr. Arthur O'Connor*—continued.

1190. But still you have three and-a-half officers to do the examination of this 43,000*l.*?—This is one of the Votes. I am alluding to the fact that the examination of this particular grant-in-aid added enormously to the accounting work of this particular Vote, and consequently of the department; it multiplied it by four.

1191. That is what I want to gauge. The Comptroller and Auditor General reports to this Committee that there was a certain amount of delay in forwarding from the Colonial Office certain accounts with regard to Bechuanaland. It appears that you have three and-a-half officers to do the accounts examination work; and what I want to know is, what is there about such a sum of 33,000*l.* that your three and-a-half officers had to deal with in addition to the other 9,000*l.* or 10,000*l.* so that they could not examine one quarter's accounts without a delay of nearly five months; what is there exceptionally difficult in the Bechuanaland account to involve such delay?—The two quarters' accounts that came home in the middle of April were almost continuously under examination, I think, for three months by one of my clerks, and then I went through them myself afterwards.

1192. How do you mean by continuously?—He was taken almost entirely off his other work.

1193. Was he three months auditing the expenditure?—This was an entirely novel expenditure; it was not a service that had been going on months and years with the same sort of vouchers every time; everything was new.

1194. But one quarter's accounts would not be more than 6,000*l.* or 7,000*l.*?—The first was only 600*l.*; but the two quarters after that reached 10,000*l.* or 11,000*l.* each, and those accounts came home together.

1195. And it took one man three months to examine them?—It was pretty well three months' work.

1196. Is there any arrear in your examination work at this moment in that branch of the Colonial Office?—We are not as well up as we ought to be.

1197. You are in a constant state of arrears in your Accounts Branch, and that accounts for the fact that these quarterly accounts are always delayed somewhat before they are transmitted to the Comptroller and Auditor General; is not that so?—If we are to examine the accounts when they come home from colonies they must be gone into again; that must take some time. We might send them on without examining them; but if we are to be responsible, they must be examined again, and the work is done three times over. We are really auditing accounts, and not rendering them; for, as regards this particular work, it is an audit for which the Department was not constituted.

*Chairman.*

1198. (To Mr. Ryan.) Have you any further remark to make on this Vote?—No; all that the Comptroller and Auditor General has to say is in his Report.

[Mr. Round withdrew.]

5 May 1886.]

Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## APPROPRIATION ACCOUNTS—Class V.

## On VOTE 9.

## CYPRUS (GRANT IN AID).

Mr. SIDNEY WEBB, called in; and Examined.

*Chairman.*

1199. (To Mr. Webb.) HAS any statement yet been received by the Colonial Office as to the extent to which the Cyprus Revenue was affected by the frauds of the collecting officers?—We have had no statement since the statement printed and presented to Parliament, dated 20th January 1885, in the Parliamentary Paper [C. 4435].

1200. Has any further statement been applied for?—We asked generally for a further report, but it is not possible to get an exact statement; the nature of these frauds was such that it is not possible to state precisely by what amount the revenue was defrauded. Any such statement could only be an estimate. The frauds were committed generally by under assessment, not by defalcations, and assessments are always matters of estimate.

Mr. Arthur O'Connor.

1201. Are any prosecutions still pending?—No.

1202. What has become of that gentleman who went to Egypt and then returned, Mr. Bistachi?—He returned quite properly to stand any examination.

1203. Was he prosecuted?—No; he was not prosecuted.

1204. Why was he not prosecuted?—On further consideration of the case by the High Commissioner of Cyprus he did not find any sufficient ground for the prosecution of Mr. Bistachi. At the same time his conduct was not considered perfectly satisfactory, and as he had in the meantime tendered his resignation that resignation was ultimately, after some delay, accepted.

1205. That was under General Biddulph?—Sir Robert Biddulph.

1206. It was he who decided that Mr. Bistachi should not be prosecuted?—Yes, and the Secretary of State concurred in his opinion.

*Chairman.*

1207. (To Mr. Ryan.) Have you anything further to say?—I should like to observe with

*Chairman—continued.*

reference to the recommendation made by the Public Accounts Committee last year that the arrangements for the audit should be submitted to the Comptroller and Auditor General for any advice or assistance he might give to the Colonial Office, that the Colonial Office have submitted the re-arrangement of the audit in Cyprus to the Comptroller and Auditor General, who has given the Colonial Office such advice as he felt himself able to give in the matter, and the Colonial Office were understood to be about to communicate with the Governor with regard to some of the recommendations made. (Mr. Webb.) I may say with reference to that that a proposal was laid before the Legislative Council in the island to adopt the chief thing in the recommendations of the Comptroller and Auditor General, viz., the appointment of an additional officer of accounts; and after some difficulty, and an explanation that this was required to satisfy the mind of Parliament on account of the grant to Cyprus, it was ultimately agreed to by the Legislative Council, and that additional audit officer has since been appointed. We have also asked Sir Henry Bulwer, who is now High Commissioner, to carry out the further recommendations of the Audit Office, and especially to attach to the office an additional audit officer in cases of pressure.

[Mr. Webb withdrew.]

## CLASS VI.—On VOTE 1.

## SUPERANNUATION AND RETIRED ALLOWANCES.

*Chairman.*

1208. (To Mr. Hamilton.) I understand that practically the Treasury admit the correctness of the observations of the Comptroller and Auditor General. What they say is that it is a case where the interests of the public service required the Acts to be a little strained?—Yes, that is so.

## REVENUE DEPARTMENTS.

## On VOTE 2.

## INLAND REVENUE.

Mr. CHARLES TURNER, called in; and Examined.

*Chairman.*

1209. THE Comptroller and Auditor General has called the attention of the Public Accounts Committee to the fact that payments appear to 0.69.

*Chairman—continued.*

have been made for poundage on gold and silver plate at a higher rate than is sanctioned by law; is that so?—Such is the case.

K 3

1210. What

5 May 1886.]

Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. TURNER.

[Continued.]

## APPROPRIATION ACCOUNTS.

Vote 2.—Inland Revenue—continued.

*Chairman*—continued.

1210. What justification have you for that?—As regards the poundage in Ireland, that has been going on since the year 1808. Five per cent. was originally granted, and when the gold and silver plate duties were assimilated to the high rate of duty, as in England in 1842, the Master of the Goldsmith's Company, Dublin, drew the attention of the Board of Stamps and Taxes to the fact that his remuneration would be so small that it would be most inadequate. Under those circumstances the Board applied to the Treasury to sanction the old scale of 5 per cent. Again, in a subsequent period, when the poundage was reduced from 2½ to 1 per cent. for the United Kingdom, the Board also applied to the Treasury for a renewal of the scale of 5 per cent. poundage. Up to the year 1881 all this poundage was paid out of revenue, and it was not a charge against voted moneys at all. In that year a change was made; it was the first time the poundage for the Assay Master was voted, and therefore that is the reason, probably, that it has escaped the attention of the Comptroller and Auditor General previously.

1211. If this practice is to go on, ought not the law to be altered to enable the poundage, which you say is equitably payable, to be also legally payable?—I should like to mention how small this amount is. The total poundage payable in Dublin, Edinburgh, and Glasgow, in excess of the statutory provision, only came last year to 52 l.

*Mr. Arthur O'Connor.*

1212. What is the total amount of poundage payable in Dublin?—At the scale of 5 per cent. it was 18 l.

*Mr. Rylands.*

1213. It was all at the 5 per cent.?—No; in Dublin 5 per cent., and in Edinburgh and Glasgow 2½ per cent.

1214. But that was at an illegal rate then?—Yes; if taken at 1 per cent.; the excess on the legal rate is 38 l.

*Mr. Arthur O'Connor.*

1215. Then the amount of duty collected in Ireland would only be about 360 l.?—That would be so.

## APPROPRIATION ACCOUNTS.

Vote 2.—Inland Revenue—continued.

*Chairman.*

1216. The Comptroller and Auditor General further calls the attention of the Committee to the fact that there is still no "Statutory provision for the payment of incidental expenses of clerks to Local Commissioners in relation to business connected with the execution of the Income Tax Acts," and to the extra allowances made them by way of extra poundage on which the Committee of Public Accounts reported, and made a suggestion that the law should be altered; but it has never been altered, has it?—A clause has been drawn to give full power to enable the Commissioners of Inland Revenue to pay the present scale of poundage, and it only waits incorporation in some suitable Bill.

1217. Has it not been put into any Act?—No.

1218. Could it not be put into the Customs and Inland Revenue Act?—No, I think not; it will probably be incorporated in a Bill later on in the Session, a sort of Miscellaneous Revenue Bill; there will be a number of features comprised in it.

1219. What have you to say about the observation of the Comptroller and Auditor General with reference to the repayment of duty improperly collected for periods in excess of three years?—The repayments that have taken place have reference either to double assessment of duty or income tax wrongly assessed on charities. The department never makes a repayment unless it is previously assured that the amount had been erroneously received.

1220. Then is it your view that under the law as it stands, you have the power to make such repayments even after the period of three years?—Yes, the opinion of the law officers of the Crown which was taken by the Treasury (and the Treasury concur in that view), gave us full power to repay any duplicate sums received, or sums received in error; it is not revenue really at all, although it is so styled on its first receipt.

*Chairman.*

1221. (To Mr. Ryan.) Have you anything further to say?—No.

1222. (To Mr. Hamilton.) Have you any observations to make?—No.

[Mr. Turner withdrew.]

## ON VOTE 3.

## POST OFFICE.

Mr. ALGERNON TURNOR, called in; and Examined.

*Chairman.*

1223. THE Comptroller and Auditor General complains that 39 letter carriers have been employed for more than six months during the financial year now under consideration without having obtained Civil Service certificates; is

*Chairman*—continued.

that true?—That is so. There is always a difficulty about getting certificates for these men within six months. It was explained to the Committee, I think last year, that very often a man is nominated, and after a great deal of inquiry, and

5 May 1886.]

Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. TURNOR.

[Continued.]

## APPROPRIATION ACCOUNTS.

## Vote 3.—Post Office—continued.

*Chairman*—continued.

and the lapse of a considerable time, he is rejected; the time slips away in that manner, and if two or three cases of rejection occur the six months is gone.

1224. But was not the six months adopted, after the question had been considered by this Committee and the Treasury, as the period within which it would be fair for the Post Office to make up their minds?—There was some difference of opinion between the Treasury and the Post Office as to whether it was possible, and the Post Office undertook to endeavour to get the appointments completed within six months; but I think that after all the effort which has been made, the result shows that six months is not sufficient. The Post Office is not to blame in this matter; the Civil Service Commissioners have a great deal to do with regard to the examination and the certificates.

1225. (To Mr. Ryan.) Have you anything to say upon this point?—It is rather a question of whether the Treasury would think proper to extend the time now allowed; but the Treasury when they were before this Committee last year expressed themselves distinctly of opinion that six months ought to be long enough for any *contretemps* that might arise.

1226. (To Mr. Hamilton.) Has this matter been under the consideration of the Treasury; has any complaint been made on the part of the Post Office that this time was inadequate?—I am not aware of any representation from the Post Office with regard to the time being inadequate.

1227. (To Mr. Turnor.) Would it not be the best plan for the Post Office to make such a representation to the Treasury, and see whether the time would be enlarged?—Yes.

*Sir Walter Barttelot.*

1228. This includes all the rural letter carriers?—Yes, the established rural letter carriers.

1229. Is there not great difficulty in obtaining men?—No; I have a case before me now that shows some of the causes of delay. A vacancy occurred on the 15th of September 1884, and all the processes which had to be gone through before the man was nominated occupied the time to the 19th of November; then the further processes before his preliminary examination before the Civil Service Commissioners took to the 22nd of December; then he was rejected on the score of being too old, and all that time was wasted.

1230. What was the first time?—The 15th of September. They state that they are of a certain age, and the statement is frequently incorrect.

*Mr. Arthur O'Connor.*

1231. Do I correctly understand you to say that the Post Office are not so much to blame in this matter as the Civil Service Commissioners?—I do not think it is fair to put blame on the Civil Service Commissioners. I do not see how delay is to be avoided. There are certain

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## APPROPRIATION ACCOUNTS.

## Vote 3.—Post Office—continued.

*Mr. Arthur O'Connor*—continued.

questions, like the wages, that have to be settled; then the Postmaster General has to communicate with the person who has to recommend a letter carrier; the name has to be sent to the Civil Service Commissioners; that takes a certain amount of time; and then, if he is rejected, either on account of age or on account of the examination, we have to begin again.

*Sir Walter Barttelot.*

1232. Where are these letter carriers examined?—At the local post offices, by papers sent down by the Commissioners.

*Chairman.*

1233. The Comptroller and Auditor General calls attention to a porter having been permitted to draw pay during sick leave for more than 12 months prior to superannuation, which is contrary to Treasury Regulation; have you any explanation to give of that?—The case of that porter was as follows: He was appointed in 1870, and in 1884, for the second time, he lost his reason, and was sent to Colney Hatch, and the Postmaster General gave him leave of absence. It was within his power to give him full pay, being 30s., but he gave him two-thirds; he did exceed the six months' limit of time; but he was not on full pay, and, perhaps, as the case was rather peculiar, it ought to have been submitted to the Treasury to make it regular. No doubt the Treasury would have approved of it. It was a very exceptionable case.

1234. What explanation have you to give of the action of the Post Office authorities in transferring the persons employed in the Telegraph Department to the Accountant's Office Department as Lower Division Clerks without any Civil Service Certificate of competency?—That question has been discussed between the Departments and disposed of, and all the gentlemen referred to have now received Civil Service Certificates. (Mr. Ryan.) That question is satisfactorily settled, I think.

1235. (To Mr. Turnor.) The Comptroller and Auditor General called attention to charges made under Sub-head B. for travelling expenses paid to a surveyor who had obtained payment by the falsification of his accounts; could there not be a means of ascertaining how far, in such a case, the accounts for travelling expenses and subsistence allowances have been falsified?—There is no means of finding out anything with regard to that case further than has been discovered. I may say that, since that has occurred, some further steps have been taken by the Post Office to impose an additional check upon the surveyors with regard to their travelling expenses and their claims for subsistence.

*Mr. Arthur O'Connor.*

1236. Is there not a regular daily allowance when a surveyor is out?—Yes; the difficulty is to

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[Continued.]

## APPROPRIATION ACCOUNTS.

## Vote 3.—Post Office—continued.

Mr. Arthur O'Connor—continued.

to say when he is out; he may put down in his own account that he was out, and there is no real means of ascertaining that he was.

1237. Has he not to report himself somewhere or other?—Yes, but he may falsify his address as this man did; he sent in a return of his address, which was not really correct.

Sir Walter Barttelot.

1238. I suppose that is of very rare occurrence?—Yes.

1239. Taking it as a rule, men in that position are extremely respectable men, whom you can thoroughly depend upon?—Yes.

Mr. Rylands.

1240. Did this fraud arise from the surveyor making it appear to the Post Office that he had been on duty a greater number of days than he had been?—Yes, he signed an account, certified on his honour, that he had been absent from his head-quarters on duty, when he had not been absent.

1241. Then, in fact, although it is the case that these gentlemen as a rule are very honourable men, still the Post Office think it necessary to have some additional regulation to avoid the temptation to fraud?—It is a very difficult matter to meet such a case. We have since endeavoured to meet it by imposing a further check upon his address book, so as to make it more difficult for him to send a false address.

1242. But in this case you did not think the fraud was of such a character that proceedings could be taken with advantage?—We considered that point, and we were advised that the evidence was not sufficient to support criminal proceedings.

1243. But the man was dismissed the service?—Yes.

Mr. Arthur O'Connor.

1244. Has each surveyor a particular district?—Yes.

1245. Then does not he record his movements within that district?—Yes.

1246. And is not his record at all checked by a report from the places he is said to have visited?—He is the person who reports; he is the supreme head of that district, and it is his duty to report to head-quarters daily where he is, but there is no authority over him other than at head-quarters.

1247. Does he not check at each particular place the accounts belonging to the Post Office?—Not on each journey; he may visit a place for a certain purpose to re-arrange a post, or something of that kind. There are no means of exactly defining what his duty is.

1248. And you have no other check by means of direct report from the local post office to head-quarters that he has been there?—No, that would be a report from a subordinate officer.

## APPROPRIATION ACCOUNTS.

## Vote 3.—Post Office—continued.

Chairman.

1249. Do you admit the statement made by the Comptroller and Auditor General in paragraph 8 of his Report, that there is a sum of 1,500 *l.* incorrectly charged against G 10 which ought to be charged against G 13?—Yes, that is so; that has been done in accordance with the practice which prevailed for many years, but it will be altered in the future.

1250. Will you also explain to the Committee why the Postmaster General contends that he is entitled to settle the amount of cash reserve to be held by all postmasters, and that therefore no step has been taken by the Department to invite the concurrence of the Treasury in fixing the amount?—The Postmaster General holds that it is a part of the administration of his office.

1251. Might not the fact of very large cash balances being held by local postmasters give rise to very serious injury to public funds if defalcations took place?—Of course there must be some risk if you entrust any person with money, but I do not think that, on the whole, under the arrangements which we make, there is a risk that can be avoided. We are constantly revising the amount of the balances which postmasters are permitted to retain. In cases where we have any special payment to make, we remit the sum for that purpose, and have means of watching that sum to see that it is paid.

1252. (To Mr. Hamilton.) Does the Treasury concur in that view of the Postmaster General that it is his sole function to fix the amounts of the cash balances which the local postmasters should hold?—Yes, it is left entirely to him.

1253. I understand that the contention of the Postmaster General is, that he has the power to indefinitely raise the amount that the local postmasters may retain, without any concurrence on the part of the Treasury?—It rests with the Postmaster General to fix the cash balances necessary to be retained by the postmasters in each particular case; and also to determine whether the penalty bond shall be raised in consequence of any variation in the limit of the cash balance.

1254. May I call your attention to what the Postmaster General has said in his letter of the 28th November 1885 to the Comptroller and Auditor General: "I am directed by the Postmaster General to state, for the information of the Comptroller and Auditor General, that the amount of cash reserve held by postmasters is settled by the Postmaster General, with whom alone the decision of such questions rests, and that consequently no steps are taken to invite the concurrence of the Treasury, either in fixing the amounts or in raising them when necessary;" does the Treasury acquiesce in that view of the Postmaster General's duties?—Yes. The matter is one of administration, which must be left to the discretion of the Postmaster General, and for which he must be responsible.

1255. Does the Treasury concur in the Postmaster General's view of his powers?—I think so.

1256. (To

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Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. TURNOR.

[Continued.]

## APPROPRIATION ACCOUNTS.

## Vote 3.—Post Office—continued.

*Chairman*—continued.

1256. (To Mr. *Ryan*.) Have you anything further to say as to that?—No. We received a letter from the Treasury, in which practically they state that they concur in the Postmaster General's views of his powers; that is to say, they have made no reservation.

*Mr. Arthur O'Connor.*

1257. (To Mr. *Turnor*.) The object of this Report from the Comptroller and Auditor General is to give this Committee to understand that though there are certain limits nominally fixed, beyond which there ought not to be balances in the hands of local postmasters, yet as a matter of fact those limits are overstepped in many instances?—Occasionally it must be so.

1258. Is it the duty of the local surveyor to report as to the balances in the hand of local postmasters?—Yes.

1259. How often has a local postmaster to report to head quarters with regard to his balance?—All the postmasters report daily what their balances are.

*Mr. Rylands.*

1260. I do not exactly understand this letter in the way in which it has been put; is it not the fact that in settling this penalty bond (which I suppose is the security bond that the postmaster gives, signed by certain securities, who undertake to make up any deficiency), the Postmaster General claims that the amount of that penalty bond shall be determined, and is determined by him in regard to the daily transactions of the local post office, without reference to any question of the magnitude of the reserve in hand?—Yes.

1261. Do you think that that justifies the position which you took up just now?—If you take the average of the 10 largest balances during the year, that gives you a very fair idea of the amount at which the bond should be fixed. The bond of course is fixed when the man takes office, and is revised from time to time as occasion requires.

1262. Now you are putting it rather differently from the Post Office letter; now I understand that instead of what is said in the Post Office letter that this penalty bond is fixed without reference to the amount of cash reserve in hand, it is really fixed with reference to it, because you state that you take an average of ten of the days when the largest transactions occur, and upon that average cash reserve you fix the penalty bond?—The bond is fixed when the Postmaster takes office, and it is not altered until there is a very considerable alteration of business; the cash reserve may be altered more frequently, and the cash reserve of course may be larger or smaller, as the business of the office increases or diminishes, and still be within the amount of the bond.

1263. But the cash reserve means that the local postmaster may hold in his hand a certain

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## APPROPRIATION ACCOUNTS.

## Vote 3.—Post Office—continued.

*Mr. Rylands*—continued.

amount of cash, which he considers necessary for the volume of the transactions of the local post office; but does not it appear to the Post Office authorities that if, owing to the increased magnitude of the transactions of the local post office, the local postmaster is entitled to hold a larger reserve to do the business of the post office; when that increased reserve takes place there ought to be an increased security given by the postmaster?—The bond is from time to time increased.

1264. And it is increased upon the point that I have just now put before you as to the average amount of money which, under the regulations of the Postmaster General, the local postmaster may hold in his hand?—It is fixed according to the general business of the office.

1265. Which requires a certain amount of floating capital?—Yes.

*Mr. Magniac.*

1266. With regard to No. 17, is that the total amount of loss by "fraud, default, and accident" of the Post Office?—Yes.

1267. Is that on the entire transactions of the Post Office; it is not on the Savings Bank?—That is so.

1268. Then if you will look at page 538, you will find Sub-Head E., No. 9, a similar Sub-head, "Losses by fraud, default, and accident;" but there is a star to that, and you find a note at the bottom, "Including losses on light gold, 809*l.* 12*s.* 3½*d.*" Is it a fact that that 866*l.* is in fact practically losses in light gold?—Yes.

1269. Does that 965*l.* also include losses on light gold, I mean the one under Sub-Head A.?—My impression is that that does not include losses on light gold.

1270. I cannot find any entry for losses on light gold in the Post Office?—In the new Estimates we have taken a vote for light gold in the savings bank.

1271. But on these Estimates if there is a loss it must appear somewhere in the accounts?—Of course any money paid into the Bank of England is weighed, and would be rejected if found light; but money not paid in is not weighed. What occurred last year I think was that the Committee desired the Department to separate the vote for the loss of light gold in the Savings Bank.

1272. But I am referring to the Post Office?—I think it must be all included; but I can make further inquiry on that point.

*Mr. Rylands.*

1273. On that point, I presume it is a fact that when people pay into the local post offices light sovereigns the postmaster never weighs them, and never refuses them under the present arrangements?—He is under an order from the Department not to accept light gold; but of course

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[Continued.]

## APPROPRIATION ACCOUNTS.

Vote 3.—Post Office—*continued.**Mr. Rylands—continued.*

course if he was to act very rigidly upon that notice he would accept very little gold at all.

1274. Therefore is it not the fact that he practically accepts the gold without being very particular?—If there is any reason to suspect a sovereign being something grossly under weight he would reject it; but as a rule sovereigns and half-sovereigns paid in without showing anything particular are accepted by him.

1275. And he would pay them out?—Yes.

1276. But in the case of the Savings Bank the gold is sent in considerable quantities to the Bank of England, and there they have to bear the loss?—The Bank of England weighs every sovereign, and claims the amount of the loss. I should think you would find that out of every 20 sovereigns a good deal more than half would be light.

*Mr. Magniac.*

1277. You pay your moneys into the Bank of England, do you not?—A certain amount; a great deal of the money we use again.

1278. But of what you do not use again you keep an account at the Bank of England?—Yes.

1279. And you pay in gold?—Yes.

1280. Do they charge you with any loss?—They weigh anything paid in.

1281. And they charge you with loss, no doubt?—Yes.

1282. And that does not appear in the account?—Not separately; I think it must be included in this No. 17, but I will ascertain that. (Mr. Hamilton.) I might mention the fact to the Committee, that within the last week or so a letter has been addressed by the Treasury to the Revenue Departments, calling upon them to report fully about the way in which they deal with light gold, and if the correspondence is concluded before the sitting of the Committee, I would ask leave to lay it before the Committee.

## On VOTE 5.

## POST OFFICE TELEGRAPHS.

*Chairman.*

1283. (To Mr. Turnor.) The Comptroller and Auditor General is not satisfied with the action taken in consequence of the Report of the Public Accounts Committee in former years upon the Telegraph Works; the quantity cannot, the value of materials for telegraph works under each Sub-head, be given separately?—You are aware, perhaps, that since last year the Post Office has been in communication with the Treasury, and in December last an alteration was made which the Treasury approved of in an official letter, and that form has been introduced into the Estimates of this year; but the Comptroller and Auditor General has raised some further question upon that, and it is proposed that the Departments should again confer on that point, and endeavour so far as possible to meet his wishes.

## APPROPRIATION ACCOUNTS.

Vote 5.—Post Office Telegraphs—*continued.**Chairman—continued.*

1284. Then is the matter not yet ripe for the consideration of this Committee?—Not yet.

1285. (To Mr. Ryan.) Is that so?—I think so. The Comptroller and Auditor General understands that the Post Office propose to consider further the objections which he raises, viz., that they have not satisfied him upon the point which he brought before the Public Accounts Committee, and he will of course bring the matter forward again.

1286. Then you will come before us next year?—Yes, probably.

1287. (To Mr. Turnor.) Will you be good enough to tell me what has been done by the Department with regard to the Store Accounts?—I may say that there has been a good deal of communication with the Treasury on that point, and to-day a letter was received from the Treasury, in which their Lordships say, "It is in contemplation very shortly to request the Comptroller and Auditor General to undertake a general test examination or inspection of the Telegraph Store Accounts at the Post Office," and add that they would be glad to receive any observations upon the subject. That letter has only been received to-day, and the Post Office has not had time to answer it.

1288. Then that matter also is not ripe for the consideration of this Committee?—No.

*Mr. Arthur O'Connor.*

1289. Is there any reason why it should not be ripe?—There is very great difficulty in arriving at a settlement of this question.

1290. What did the Postmaster General, then, mean when he informed the Comptroller and Auditor General that the method of accounts followed at the Post Office, and the audit of those accounts sent in, are in such a form that they can be examined at any time by the Exchequer and Audit Department?—There is no difficulty in examining the accounts such as we have got; the question is whether there is not a larger question behind, viz., the examination of the stores themselves.

1291. Taking stock, that is to say?—Yes.

1292. Is there any reason why the Comptroller and Auditor General should not take stock of the stores in the charge of the Post Office as easily as the officials of the Post Office themselves?—It is not a very easy matter.

1293. Do the Post Office themselves take stock?—We take a certain stock of the stores; but as you are aware to audit the stores would be a very minute and laborious work.

1294. What system of stocktaking do the Post Office adopt?—We have accounts as to all that is put into store, and all that is sent out of store, and we have from time to time made an examination of the actual stock in the different offices, but it is a very laborious and lengthy undertaking.

1295. That

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[Continued.]

## APPROPRIATION ACCOUNTS.

## Vote 5.—Post Office Telegraphs—continued.

Mr. *Arthur O'Connor*—continued.

1295. That is to say, one of your officers would take under his charge from time to time different stores, which would be entered on his account, and would discharge himself on the other side of the account of any stores that he distributed or got rid of?—Yes.

1296. And the account ought on any particular date to show the balance of every kind of stock that he has on hand?—It should do so.

1297. And, I suppose, there are Post Office officials who from time to time check that stock?—Yes.

1298. Does the surveyor ever check it?—It comes more within the province of the Accounts Branch.

1299. Then why could not the Accounting Officer of the Comptroller and Auditor General's Department exercise that check as well as the Post Office officials themselves?—I do not know that there is any very great difficulty about it; but perhaps a check of that sort would not satisfy him.

1300. You think that the Comptroller and Auditor General would not be satisfied with the amount of stocktaking that the Post Office themselves are satisfied with?—That is the question we are going to discuss, as to what would be a satisfactory audit.

Sir *Walter Barttelot*.

1301. I suppose your stores are all over the country?—Yes; they comprise every sort of minute thing, bolts, screws, nails, wires, &c.

*Chairman*.

1302. All that is contemplated, I suppose, is a test stocktaking, not a complete one?—That, I suppose, is what the Treasury point to in this letter; but we are hardly ready to give an opinion.

Mr. *Arthur O'Connor*.

1303. (To Mr. *Ryan*.) But the Comptroller and Auditor General was ready to undertake a test examination at once, was he not?—Yes, if he was asked to do so.

[Mr. *Turnor* withdrew.]

## APPROPRIATION ACCOUNTS.

## TRANSVAAL.

*Chairman*.

1304. (To Mr. *Hamilton*.) Has any further correspondence with regard to this Transvaal question come to hand since the Report of the Comptroller and Auditor General?—Within the last few weeks we have received further communications from Sir Theophilus Shepstone, and I have reported upon them to the Board of the Treasury, but the Treasury has not yet been able to consider my report. Sir Theophilus Shepstone has been able to produce a certain amount of vouchers, for, I think, 1,000 *l.*, and I think that now we may hope that the case will admit of being wound up. We have got something more out of Sir T. Shepstone than we had last year.

Mr. *Arthur O'Connor*.

1305. Has Sir Theophilus Shepstone made the declaration which it was suggested should be proposed to him by the Committee last year?—I do not quite remember how that is.

*Chairman*.

1306. The Committee reported that they "would be glad to see this troublesome and intricate matter closed, as they think it might be, by the acceptance on the part of the Treasury of such declaration on the matter as Sir Theophilus Shepstone is able to give"—I propose to lay the further correspondence before the Committee, and they will judge for themselves whether it really corresponds with their views of last year.

Mr. *Rylands*.

1307. Then, in point of fact, the correspondence which we have before us, which ends with a letter from the Colonial Office, dated 13th January 1886, practically does not conclude the consideration of the subject?—No, I am alluding to the correspondence reported since that. I have been able myself to report upon it, but the Treasury have not taken my report into consideration.

*Chairman*.

1308. Do you think that you will be able to lay the views of the Treasury before the Committee before we report?—Yes.

The further consideration of this Vote was postponed.

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Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## WOODS, FORESTS, AND LAND REVENUES.

Lieut. Col. ROBERT NIGEL FITZ-HARDINGE KINGSCOTE, C.B., called in ; and Examined.

*Chairman.*

1309. It appears that when Sandgate Castle was sold by the Office of Woods and Forests, they received a sum of money from the purchaser, which was in view of the cost of demolishing the Castle, and erecting a fort elsewhere ; are you able to say what the amount of purchase money was in respect to that cost of demolition and re-erection ?—No, I am not ; I am only aware that the value of the property to the Woods and Forests was 20,000 *l.* ; there was no agreement with my Department as regards erecting another fort or battery.

1310. But the late Secretary to the Treasury, in writing to the Comptroller and Auditor General, said that the price was fixed at a sum representing not merely the value of the land and buildings transferred, but also the probable cost of erecting another fort ; that is in the letter of the 21st of May 1885 ; is it not clear that any sum received by the Commissioners in respect of the cost of erecting another fort does not belong to the Crown lands, but ought to be paid over to the War Department ?—But in a previous letter to that, in the year 1883, in fact of the 15th of August 1881, the Treasury authorised the sale for the sum of 20,000 *l.*, without anything being said as to erecting another fort.

1311. What was it sold for ?—£. 20,000 ; that was the value put upon the property by the valuator, Mr. John Clutton.

1312. (To Mr. *Hamilton.*) What is the meaning of that statement in the Treasury letter of the 21st of May 1885 ?—I think it is meant that clearly any part of the purchase-money that represented anything beyond the value of the land ought not to go to the Crown Revenues, but should be taken in appropriation of Army Votes.

1313. Are the Treasury satisfied that there is such a value, and can you say what the amount of it was ?—I am afraid that I do not know all the circumstances of the case ; it is a case to my mind not at all clear.

1314. (To Mr. *Ryan.*) Do you know anything more upon this point than is stated in the Report ?—No, and our information is mainly derived from the letter of the Treasury itself.

1315. (To Colonel *Kingscote.*) The idea is that the Commissioners have got hold of some money to which the Treasury lay claim ?—But my predecessor, Mr. Gore, in 1882 again reported that 20,000 *l.* was the value of the property to the Crown Revenues, and he had no power to make a conveyance of it for a less sum. The money was paid then, there it is, and I do not know how you would get it out again if you wanted it.

*Mr. Rylands.*

1316. (To Mr. *Hamilton.*) It is curious that nobody seems able to tell us with regard to this transaction ; could you not give us some information ?—I will undertake to make further inquiries

*Mr. Rylands—continued.*

about it for the honourable Member to try and clear up what sum did represent the value.

1317. It is quite clear that Colonel Kingscote believes that this 20,000 *l.* was for the land and buildings absolutely and exclusively ?—Yes.

1318. But if the transaction did include a certain sum of money for the erection of another fort, I presume in the agreement of sale and purchase that would be set forth ?—I will look up the question and communicate with the War Office. (Colonel *Kingscote.*) Perhaps I may say that there are two precedents for it, one was the Hull Citadel, which was sold in a similar manner, and the other was the sale of part of the Knightsbridge Barracks ; it was the value of the property in each case.

1319. And in those particular precedents, there was no question whatever of any undertaking to supply money for another purpose ?—None whatever ; that is all the light I can throw upon it. In each of these cases the law officers of the Crown were consulted, and advised that the properties being old Land Revenue properties, no longer required for military purposes, should be handed over to this Department ; consequently this Department became entitled to the whole purchase-money.

*Chairman.*

1320. (To Mr. *Ryan.*) Have you anything more to say ?—Nothing more. If the facts are as we believe them to be, we think that the conclusion is what ought to be drawn.

1321. (To Mr. *Hamilton.*) You will have the inquiry made ?—Yes ; but the Comptroller and Auditor General says that the surplus value should be paid over to the Exchequer, and we should certainly hold that they should go to the Army Votes. The Army and Navy under the present arrangement pay nothing into the Exchequer.

1322. The first thing is to see whether there is any money ; it is no use in discussing where it should be paid until that is settled ?—Certainly.

1323. (To Colonel *Kingscote.*) With regard to two of your Receivers, Mr. Clutton and Mr. Gore, who apparently do not keep separate bank pass-books for the sums they receive on behalf of Crown Revenues, will they do so now ?—It is so now, and the names of the banks have been sent in to the Treasury and to the Audit Office.

*Mr. Magniac.*

1324. Do they give security for their receipts ?—Yes, I believe they do.

*Chairman.*

1325. Then with regard to another point ; is this practice of applying rents received from other tenants, to farm other lands, settled ?—Yes ; the Treasury are applied to for a sum to carry on the farms.

[Colonel *Kingscote* withdrew.]

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Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## WOODS, FORESTS, AND LAND REVENUES—continued.

Mr. GEORGE CULLEY, called in; and Examined.

*Chairman.*

1326. (To Mr. Culley.) I SEE that there is a complaint from the Comptroller and Auditor General that in the case of the Lythmore Estate the Commissioners exceeded the expenditure authorised by the Treasury; was that so?—That was so; but since then I have received the sanction of the Treasury for the further expenditure, and the authority is now, or ought to be, in the hands of the Comptroller and Auditor General.

1327. (To Mr. Ryan.) Have you yet received it?—We have not yet received it; but if the Commissioners have received the Treasury's sanction that will be satisfactory.

1328. (To Mr. Culley.) The Comptroller and Auditor General also calls attention to the fact that, although there was an outlay, no additional rent has accrued to the Revenue?—That is a question of administration, and is hardly a question for the Comptroller and Auditor General; but, as a matter of fact, the farm, having been on lease up till Whitsunday 1882, was advertised by my predecessor, the late Mr. Howard, with certain conditions, one of them being "The alterations, additions, and repairs to the farm-buildings, which are set forth in the accompanying 'memorandum of buildings,' to be executed at the expense of the Crown, and in accordance with plans and specifications already obtained, and the lessee to be bound to maintain and leave all houses, cottages, and other buildings in good and substantial repair." Then that memorandum of buildings sets out a very large additional improvement to the farm buildings then in a very bad state; and it was upon those conditions and outlay that the rent then received

*Chairman—continued.*

was made, that is to say, the rent was offered on condition that all these things were carried out; and they have since, with some modifications, which rather reduced the then published memorandum of buildings, been carried out.

*Mr. Arthur O'Connor.*

1329. I suppose generally in that neighbourhood most of the landlords have to make considerable expenditure to keep their tenants?—The policy of this was to make the farm up to the rent rather than to reduce the rent, and that is a policy acted upon by very many landowners.

*Sir Walter Barttelot.*

1330. Do you find that by making these alterations you can keep the rents up to the same rate?—We have had less reduction in that case than most people have had from these improvements.

*Chairman.*

1331. I understand that the Commissioners admit that the expenditure incurred by your predecessor, and not by yourself, upon the Dean Forest turnpike-road, in excess of that allowed by Sections 21 and 22 Vict. c. 86, was unauthorised?—We admit that it was unauthorised, that we acquiesced in what appears to be a violation of the Act by the Trustees; but it was a matter of absolute necessity if the roads were not to go altogether to the bad. The Crown being the proprietor is greatly interested in the condition of the roads when they are handed over to the authorities.

[The Witnesses withdrew.]

Wednesday, 12th May 1886.

MEMBERS PRESENT:

Sir Walter Barttelot.  
Sir John Gorst.  
Mr. Jackson.  
Mr. Lane.  
Sir John Lubbock.

Mr. Magniac.  
Mr. Arthur O'Connor.  
Mr. Ritchie.  
Mr. Seely.

SIR JOHN E. GORST, IN THE CHAIR.

ARMY APPROPRIATION ACCOUNT, 1884-85.

Mr. EDWARD W. HAMILTON, C.B., and Mr. CHARLES LISTER RYAN, C.B.,  
re-called; and further Examined.

Mr. RALPH HENRY KNOX, C.B., called in; and Examined.

*Chairman.*

1332. THE Comptroller and Auditor General calls the attention of the Committee to the fact that the additional expenditure provided for in the Supplementary Estimates was not divided into Sub-heads, as has generally been usual in case of Supplementary Estimates; what is the reason of that?—I do not think this is the first occasion on which they have been shown in sums devoted to each Vote; but the reason is that it is impossible to make any nearer approximation of the expenditure under the Votes for such services as are contemplated by expeditions to Bechuanaland and Egypt. I do not know that even these figures which are given are not misleading; but they are a fair approximation.

1333. But the Comptroller and Auditor General observes that in 1883-84 the Supplementary Estimates were divided into Sub-heads, with the exception of Vote 13, and that those Estimates were dated February, whereas these Estimates were dated November; and, therefore, one might have supposed that they might have been more easily apportioned?—The reverse is really the case. The Estimates referred to for 1883-84, having been prepared in February, were prepared at the end of the financial year, by which time of course we are in a very much better position, although by no means in a complete position, to know how the expenditure is going than early in the financial year; in fact one is a prospect, and the other is an approximation made up in reference to the past.

*Chairman—continued.*

1334. Then do you put it generally that, whenever there are Supplementary Estimates voted, it is impossible to divide the sum into Sub-heads, and to do more than to indicate very roughly how much will be appropriated to each particular Vote?—For services of this kind certainly; for expeditions and war services. In fact, the wants are not known; we make the best provision possible in advance, but the figures may be very much out.

1335. With reference to the Indian Home Charges, have the payments for Effective and Non-effective Charges, upon which payments on account appear in the Appropriation Account, been yet adjusted?—Not completely. As regards the larger portion of the charge, the Commission has reported, and their report is now before the Treasury, with the opinion of the Secretary of State upon it; but there is one item upon which they were not able to report in deference to the views of the India Office, and which is outstanding for further information.

1336. When the principle of these payments in respect of the Indian Home Charges has been determined by the War Office in future Appropriation Accounts, the actual sums received will appear, and not merely payments on account; is that not so; or will it be still necessary to take in the first instance a payment on account, and have it adjusted after the Appropriation Account is closed?—We certainly hope, with regard to Effective Charges, to arrive at a system or basis under

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Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. KNOX, C.B.

[ *Continued.* ]ARMY APPROPRIATION ACCOUNT—*continued.**Chairman—continued.*

under which the amount passed in the account will be a final settlement, and it may be so also with regard to Non-effective Charges; as to that, I am not quite sure whether the accounts would be made up in sufficient time, but I think, speaking generally, I may say that that is what we are aiming at, and that is what we may effect, I think.

1337. Have the War Office yet received the instructions from the Treasury which are required by 48 & 49 Vict. c. 67, as regards the Non-effective Charges?—Yes; we have just recently received them.

1338. With regard to the observations of the Comptroller and Auditor General in paragraph 4 of his Report, do I rightly understand that as the Appropriation Accounts now appear, the estimated receipts in aid of grants are less by the sum of 292,500 *l.* than they actually were at the time the Estimates were prepared, or than they were anticipated to be?—Yes, it is so.

1339. And that the actual receipts are perfectly correct?—The actual receipts are perfectly correct.

1340. And that the difficulty about the account arose from the fact of the Vote being taken to make good the deficiency of 292,500 *l.* in the Appropriation in Aid?—Yes, that is the case.

1341. Are the sub-accounts that are mentioned on page 176 of the Appropriation Account as being still unrendered yet received?—They are all received except the one from Lagos.

1342. Is there any special reason why that is still outstanding?—I do not think so; it is not from one of our accountants; it is from the consul there, who makes some small pension payments for us; it only amounts to about 75 *l.*

1343. The Comptroller and Auditor General calls the attention of the Committee to the fact that there were four special services provided for by the Supplementary Estimates in the year 1884-85, and that according to the recommendation of the Public Accounts Committee of 1880 there should have been four separate accounts rendered by the War Office of the expenditure on these four special services; that in respect of two of those services, the Operation in the Soudan and the Expedition on the Nile, the accounts are all put together, and that in respect to one of them, the Vote for the Armament and Defence of the Coaling Stations Abroad, there has been no account rendered at all; could you explain that; is that so?—That is so stated. The estimate for the Nile Expedition was presented in November 1884, at which time the operations in Egypt were intended to be limited to the Relief Expedition up that country, but it subsequently developed, and the expedition was expanded; further troops were sent out, and others sent on from Egypt to other portions of the Soudan, and the whole expenditure became practically merged; there was no further possibility of maintaining a distinction between them.

1344. Could they not have been kept apart?—No; the supplies and everything that was re-

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ARMY APPROPRIATION ACCOUNT—*continued.**Chairman—continued.*

quired were sent generally to Egypt, and they were used either for the Soudan, or Suakim, and the Nile Forces, quite at the discretion of the Commanding Officer.

1345. Then do you put it that, in fact, the provision made by Parliament in one Supplementary Estimate for the Expedition on the Nile, and in the other Supplementary Estimate for the Expedition to the Soudan, were in fact provisions for one service under different names?—Quite so; the first was limited to the Nile, because the Expedition was contemplated at that time only up the Nile; but the term "Soudan" was especially included in the Estimates to cover any further expenditure up the river, as well as any expenditure with the Suakim Force.

1346. The Comptroller and Auditor General, with reference to these accounts for special services, calls the attention of the Committee to the fact that the records of expenditure were kept in the books of the Accounting Department of the War Office throughout the year, but that at the close of the year the totals of these figures underwent great alteration on the authority of the Department of the War Office particularly charged with the administration of those Votes; would it not be possible for changes of that kind, which entirely destroy the value of the examination of accounts during the year, to be avoided?—No; I have frequently stated to this Committee that no account, in the proper sense of the term, can, within the time at our disposal, be rendered of special expenditure of that kind. That what is given must be accepted practically as the best Estimate that can be framed of what the expenditure was for those special services. There are certain classes of expenditure of course which, as they are brought to account, can be generally stated to be incurred for a special purpose; but the Supplementary Estimate only provides for the additional expenditure; that is to say, supposing an army is moved from home to Egypt, the normal Estimates provide for a considerable portion of the expenditure upon that army, and we in a Supplementary Estimate only ask for the additional expenditure that arises from the despatch of those troops; the troops are fed, their horses are foraged, and stores supplied to those troops generally, that is to say, there is no special issue made for ordinary service, and another special issue made for extraordinary service; the food is supplied, and the men eat it in another place, and it costs more money because they eat it in another place, and it is this extra cost which is provided in the Supplementary Estimates. When supplies are purchased for an expedition of this kind, and the bill comes to us, it is marked as ostensibly for the expenditure of the expedition, and so it is recorded; but when the account is ultimately made out, we know that we have no right to show the whole of it as against the Supplementary Estimate or Statement, and we make a deduction from it which, in our opinion, fairly represents what is provided for in the ordinary Estimates. That is the way in which the return is made out as regards some of the more important items

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[Continued.]

## ARMY APPROPRIATION ACCOUNT—continued.

*Chairman—continued.*

items Again, when an expedition of this kind is determined upon, it gives rise generally to a swelling of all the ordinary expenditure at home, which cannot be marked or charged as specially arising, in each instance as each penny is paid, from this special expedition. For instance, the movement of troops, in consequence of an expedition of this kind, of course is very considerably increased, more recruits are raised, and so on; and in such a case as that we do not mark any charge at all in our accounts, as due to the Vote of Credit, but we know that, as the result of the accounts of the year, extra expenditure has been incurred upon those items, and a certain portion of that is then noted as being properly chargeable against the extra Vote, taken to cover the extra expenses. So that from the very nature of the case it is impossible to bring out an accurate account of it; we simply make a statement as fairly as we can, approximating what expenditure is due to this particular cause. Of course the exact expenditure could be given if time were allowed; that is to say if we had a few years in which to do it. I have little doubt that every item could be distinctly vouched.

1347. Of the four services which I mentioned, in the case of one, for the defence of coaling stations abroad, no account whatever has been rendered by the War Office; how is that?—As regards that I must entirely demur to the statement made that the estimate of 35,000 *l.* was asked for. That is not the case; a Supplementary Estimate to the ordinary expenditure was asked for, which amounted to 270,000 *l.*, and a note under two of the items there mentioned certainly occurs. Under Vote 12 the note says, that of the 2,365,000 *l.* which is mentioned, 30,000 *l.* is asked for for coaling stations; under Vote 13, 5,000 *l.* is asked for, and it is explained that that sum was needed for defence of coaling stations, but no separate Estimate was presented of this 35,000 *l.*; and we certainly do not admit that an account is to be rendered to the Audit Office whenever a note occurs on any part of the Estimates explanatory of the amount that is asked for.

1348. Then do I rightly understand you that the War Office do not object to the general principle laid down by the Public Accounts Committee of 1880, but deny that this Vote for coaling stations comes under that principle?—Quite so.

1349. The general principle they admit?—That has been acted upon with regard to such expenditure as that for Bechuanaland and the Nile; but it is only admitted to the extent that I have been trying to explain to the Committee that we make a statement fairly showing, so far as we can calculate it, what has been the extra expenditure as arising from these special services.

1350. Does the War Office contend, as a financial principle, that in the case of all warlike operations abroad, their expenditure is to be

## ARMY APPROPRIATION ACCOUNT—continued.

*Chairman—continued.*

entirely free from the necessity of Treasury sanction?—Except so far as it is laid before it in the estimate, certainly.

1351. What do you think is the distinction that is drawn by the Comptroller and Auditor General between expenditure at the seat of war itself, and expenditure at home, for the purposes of operations at the seat of war, and do you think that the latter expenditure, at all events, might be subject to the usual rules regarding Treasury sanction?—I do not know that I quite understand what is meant by expenditure which is incurred at home.

1352. Expenditure not incurred at the seat of war, but incurred at home for the purposes of a special expedition; is that also, according to the contention of the War Office, to be withdrawn from the usual rule regarding the necessity of obtaining Treasury sanction?—No, I do not think so. I think that any expenditure incurred at home, which in the ordinary course would require Treasury sanction, such as new expenditure for works, any new class of expenditure, we should refer to the Treasury.

1353. Taking such a case as the contract with Messrs. Lucas & Aird for the Suakim-Berber Railway, was that referred to the Treasury?—In the narrowest sense of the word it was not; but inasmuch as both the Prime Minister, I believe, and the Chancellor of the Exchequer, and the Financial Secretary too, had a share in arranging the contract, I think it may be said certainly to have been referred; and the contract which was made under their instructions was laid before the House of Commons.

1354. I would refer you to that letter J., which is to be found on page 205 of the Estimates, in which there is a query of the Comptroller and Auditor General, asking for explanation as to “whether Treasury approval was obtained for the expenditure under the contract entered into with Messrs. Lucas & Aird for the construction of the railway in Egypt, and for the purchase of railway plant from the Cape Colonial Government.” Then the answer of the Accounting Officer is, “No further sanction was formally obtained from the Treasury for this expenditure than was given to the Supplementary Estimates of 1884–85 and Vote of Credit for 1885–86. It is not the practice to submit to the Treasury the details of purchases of stores and supplies required for Army Service, nor of any expenditure for active service.” That was so, was it not?—Yes, there was no formal sanction given to the expenditure for the railway; that is to say, we have no letter to produce, signed by Sir Reginald Welby, approving it.

1355. Do I correctly understand that the principle of the War Office would be, in case there was an expenditure incurred in this country for the purposes of an expedition abroad, that they would, as far as possible, obtain Treasury sanction?—Where it was for a service which in the ordinary course would require Treasury sanction, they would do so.

1356. Not

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## ARMY APPROPRIATION ACCOUNT—continued.

*Chairman*—continued.

1356. Not of course for the purchase of ordinary army stores?—No.

1357. But for such a service as would in the ordinary course require Treasury sanction?—Yes.

1358. Have you any explanation to offer upon the remarks of the Comptroller and Auditor General, in paragraph 8 of his Report, with reference to the transfer of troops from Indian to English establishments, on which the Committee of Public Accounts, 1885, reported that all such agreements for transfer of troops by the Indian Government should receive the sanction of the Treasury?—I have only to refer to the letter contained on page 206, which I know to express the personal opinion of the Secretary of State.

1359. Have you nothing to add to the explanation in that letter?—No.

*Sir Walter Barttelot*.

1360. What did you do with regard to new regiments that were sent out to India last year; did you make any charge for the provisions you usually make in regard to recruits for other regiments sent out to India, with regard to those ten new regiments sent out at that time?—The claim is to be made against India during the present financial year.

1361. I think you said that you could not separate these two expeditions, the one to Suakim, and the other up the Nile?—Quite so.

1362. Why could you not separate those two expeditions, considering the whole of the requirement for each were distinctly sent to two separate places?—That is not so. What I stated was that the requirements for both in many cases to a large extent were sent to the same place, namely, to Cairo, and that both expeditions were supplied from Cairo.

1363. Surely not the Suakim Expedition, under Sir Gerald Graham?—Yes.

1364. Was that supplied from Cairo?—A considerable portion of it was; the troops went from Cairo.

1365. Very few of them; the main portion of the troops went from England, surely?—The Guards went from England, but not the greater portion of the troops; they were the troops that had come down the Nile.

1366. No; the troops were going up the Nile. There was a new expedition, was there not, under Lord Wolseley, up the Nile, which was one expedition, and a new expedition, under Sir Gerald Graham, which was the other expedition?—Yes.

1367. The one expedition was to help the other?—Yes.

1368. And the Suakim-Berber Expedition which was to have been made did not start until the other was some way up the Nile?—No; but the source of supply on which the expedition had mainly to rely for supplies, stores, and so on, was Cairo.

1369. If you say so I presume it is so; but as we understood the requirements were sent, 0.69.

## ARMY APPROPRIATION ACCOUNT—continued.

*Sir Walter Barttelot*—continued.

and sent by themselves, and a large portion of them disembarked at Suakim?—No; they were sent on in advance, in fact, from Cairo, to be at Suakim before the troops got there.

1370. Then, in fact, nothing was sent from this country direct to Suakim?—Yes, there were a great number of things sent.

1371. Then surely all those things might have been kept as distinct?—Yes; but the question is whether the whole could be kept distinct. For instance, you get the railway shown perfectly distinct under Vote 13; the payments on account of the railway are shown there; there are many items, of course, that could have been shown as special payments, but anything like the whole could not have been so shown. Here you have the Suakim-Berber water supply; that is shown separately, 6,000 *l.*; then there is the Suakim-Berber Railway, 102,000 *l.*, and the Nile Railway, 17,000 *l.*

1372. How did you deal, then, with the troops that came from India?—For those we shall have a claim from the Indian Government. We are receiving, from time to time, claims from the Indian Government; of course that could have been shown distinctly; but it was not possible to show the whole of it, or anything like the whole of it, distinctly.

1373. So that, in point of fact, you made Cairo your head-quarters, and that supplied, mainly, the whole of those two expeditions?—Yes.

1374. Everything was sent to Cairo?—A very large portion of them.

*Mr. Ritchie.*

1375. I suppose so soon as the troops commenced their operations at Suakim they were no longer supplied from Cairo?—The whole expedition was worked from Cairo under the direction of the General there.

1376. Do you mean that the stores went up to Cairo, and were dispatched from there to Suakim?—A great number went from Cairo to Suakim; they were those that were supplied in support of the Nile Expedition; they were delivered at Cairo, and sent on to Suakim; and the supplies were dealt with in the same way.

1377. It must have added greatly to the cost if they were supplied from Cairo rather than if the supplies had been sent direct to Suakim?—Not of those things that were already there.

1378. But I suppose the stores that were there were mainly for the use of the troops at Cairo and in the Soudan; they could have been utilised for that purpose, I suppose?—They could have been; but they could not have been so readily replaced.

1379. It was a matter of haste, in fact?—Yes.

*Mr. Arthur O'Connor.*

1380. (To Mr. Ryan.) In the first division of the Report of the Comptroller and Auditor General, on page 18, I find this passage: "The Vote of Credit, however, has not been applied to

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[Continued.]

## ARMY APPROPRIATION ACCOUNT—continued.

Mr. Arthur O'Connor—continued.

to the questionable use proposed for it in the Supplementary Estimate." I should like to ask you what is the exact force and meaning of that word "questionable"?—The force of the objection would be this, that the Vote was taken for the Relief of General Gordon, and was issued to the War Office under the authority of the Estimate, but contrary to the Appropriation Act, for the purpose of supplementing Vote 12, the Vote for Stores; but it was not so used.

1381. A Vote of Credit may be applied, may it not, to the service which is usually covered by one or another Vote indifferently?—No; the Vote of Credit should be shown to be specifically required for the purpose for which it is voted, and not to supplement an ordinary Vote, which might not have any connection with it.

1382. But a Vote of Credit is in its nature a Supplementary Estimate, is it not?—It is a Supplementary Vote, with an Appropriation; technically it is appropriated to a particular service.

1383. But is it so; is it not rather the other way, as contrasted with a Supplementary Estimate which is in detail; whereas a Vote of Credit, which is often of several millions, or a considerable sum is put in and specifically appropriated to the particular service for which it is taken?—No doubt; but at the same time if a Vote of Credit is taken, and taken to be for a specific service, then it cannot be applied in aid of the ordinary Vote except to the extent to which the ordinary Vote is shown to be increased by the service for which it was taken.

1384. Take this particular case of the Expedition for the Relief of General Gordon; that would or might involve transport, might it not?—Yes.

1385. To appropriate, therefore, the Vote of Credit to the service of transport which is covered in a particular Vote of the ordinary Army Estimates, would be to supplement that particular Vote out of the Vote of Credit?—Yes; and had it been so dealt with, possibly we might have passed it without objection; but it was felt that to appropriate it entirely to stores was not right; it was not used; it was refunded; and the only portion used at all was used in aid of the Navy deficit.

1386. You are not prepared, then, to challenge the general right of the spending Department to appropriate a Vote of Credit according to its discretion?—Certainly I should if the discretion seemed to go beyond the terms of the Vote.

1387. I assume that it must be within the terms of the Vote; but this is a mere question of degree; here you say they appropriated so large a sum for stores that the Comptroller and Auditor General felt himself bound to challenge it?—The Comptroller and Auditor General had nothing whatever to do with challenging it; the action taken was the action of the Treasury and of the War Office.

1388. He qualifies it as "questionable"?—If you object to the word "questionable," it is only a discussion upon one word.

## ARMY APPROPRIATION ACCOUNT—continued.

Mr. Arthur O'Connor—continued.

1389. I thought that possibly it was put in for some particular purpose?—No.

1390. Then with regard to the observations which the Accounting Officer has made on all these different divisions in the preliminary part of the Report, do you agree with the explanations which have been offered?—If the Comptroller and Auditor General is to point out to Parliament that certain recommendations connected with the accounting have not been fully carried out, that duty he has discharged. The reasons why separate accounts were not given I do not feel myself entitled to discuss; it is rather a matter for this Committee whether they are satisfied with the explanations of the Accounting Officer. There is only one point, which is that of the coaling stations, upon which I should like to observe that the Comptroller and Auditor General has never admitted that a Department can give information to Parliament of how it is going to spend a specific sum, and yet state that they are not bound to show that they have spent that specific sum in conformity with the statement so made; that is to say, as they in the Estimates show a sum to be spent under two Votes for coaling stations, we thought it incumbent upon them to show that they have spent that sum for coaling stations; that is the extent of the objection thereon.

1391. Do I rightly understand you to mean that, just as in the Supplementary Estimate they set forth as appropriated 20,000 £. for Commissariat and the Ordnance Store Establishment, 25,000 £. for clothing, and 50,000 £. for the supply of stores to an army, and inasmuch as they subdivide Vote 12, and say that a portion of the 50,000 £. is to go for armaments for coaling stations, so in like manner they ought to have inserted in their accounts a Sub-head showing the appropriation of that 30,000 £.?—Yes, or they should be prepared to prove, if required, that they have spent that amount.

1392. But, as a rule, does the Comptroller and Auditor General object to an excess in a Sub-head of a Vote, provided that the Vote itself is not exceeded?—No, not if there is Treasury sanction for the excess in the Sub-head.

1393. Must there be Treasury sanction for excess in a Sub-head of a Vote?—That is the rule.

1394. (To Mr. Knox.) With regard to the expenditure connected with warlike operations, for which Treasury sanction does not always appear to have been obtained, do you think that such expenditure as "gratuities in the event of death or disablement" are matters which ought to be dealt with without Treasury sanction?—No; all those matters should always receive Treasury sanction, and they have received it.

1395. (To Mr. Ryan.) Has the Treasury sanction been received with regard to them to the knowledge of the Comptroller and Auditor General?—No; he has received no Treasury sanction for anything in this paragraph.

1396. (To Mr. Knox.) You say that you have Treasury sanction for that, and also with regard to

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[Continued.]

## ARMY APPROPRIATION ACCOUNT—continued.

Mr. Arthur O'Connor—continued.

to the civilian engineers and mechanics?—Certainly; the cases have been very few, but to the best of my recollection they have all been referred to the Treasury. I know some cases have certainly been referred to them.

Mr. Seely.

1397. As you have been asked a good many questions about obtaining Treasury sanction at home for warlike operations, I should like to ask about what length of time on the average is required to obtain Treasury sanction?—Not any great length of time. Of course, it depends upon circumstances; sometimes we get an answer rapidly, and sometimes we do not.

1398. Might I ask what you call rapidly; does it take weeks or months, or what time?—I have known months to elapse, and I have known hours. Sometimes the smaller questions referred to the Treasury require the greatest consideration, and then we do not obtain an answer very rapidly; but we have no experience with regard to War Expenditure. As I have stated, very little of it is referred to the Treasury.

1399. I imagine that in the case of a very large amount of expenditure incurred at home for warlike operations, promptness is as necessary as if it were incurred by order of the General in the Field?—Yes, in every respect; and in fact the points referred to the Treasury would be very minute. The large expenditure in connection with an expedition is in relation to supplies and transport.

1400. And any delay in such cases to obtain the Treasury sanction must be exceedingly undesirable?—Yes.

1401. For instance, there were some experiments made in 1884 for laying down water pipes for Suakim and Berber; that, so far as common knowledge goes, is a matter of the highest possible importance to an army operating in the Desert; and it seems to have taken five weeks to obtain Treasury sanction to make experiments at Aldershot; that is to say, the first application from the War Office was made on the 30th May to make an experiment, which, if it had been successful, would have very much overcome the difficulties of operating in the Desert; but it was not until the 5th of July that the Treasury sanction was obtained for the expenditure of £500 £, which it is quite upon the cards might have saved Gordon and saved Khartoum, and saved an enormous expenditure. Why was it necessary for five weeks to elapse in order to obtain the sanction of the Treasury for such a trifling expenditure as that?—The delay, I think, occurred at the Treasury.

1402. Hardly so; the first letter from the War Office to the Treasury asking for this authority is dated the 30th of May; then the Treasury answer that on the 10th of June, that is 11 days, asking for further information; then the War Office do not answer that until the 30th of June; and then the Treasury answer that again on the 5th of July; so that rather more than five weeks is lost, when of course an ordinary person would have gone across to the

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## ARMY APPROPRIATION ACCOUNT—continued.

Mr. Seely—continued.

Treasury, and asked for requisite authority, and got it in five minutes?—I really cannot explain the cause of the delay. As to the correspondence, although signed in the Financial Secretary's Department, the submission of it and dealing with it, would be in the Department of the Director of Works, and any delay that occurred would have occurred in his office. I am not able to explain it.

1403. I look through these letters, and that appears to be about the usual time which the Treasury and War Office take to communicate with each other?—No doubt if the Director of Works thought it extremely urgent, he might have obtained a reply sooner.

1404. So far as my recollection goes, anything connected with the operation of troops in the Desert, or for facilitating the operation of troops in the Desert, in the months of May and June 1884, was about the most important thing that the War Office could possibly have to consider; was not the expedition to Khartoum just at that time under the consideration of the War Office?—Yes, I suppose it was.

1405. And the delay of five weeks was a serious delay, when a week or two might have made a difference between the success and failure of an expedition?—It might have done so, but I do not suppose it did in this instance.

1406. Possibly not; but you admit, as to the supply of water, that it is stated in the War Office letter by Lord Hartington that this experiment, if it had succeeded, would have enabled them to carry 25,000 gallons of water a day in two pipes, which could have been laid at the rate of 15 miles a day, with a party of 90 men. Surely that was a thing that should have been attended to with the greatest possible promptness; instead of that it appears to have taken five weeks to communicate between the War Office and the Treasury?—To get a final decision upon it, it certainly did.

Chairman.

1407. (To Mr. Ryan.) Have you any further observations to make in relation to this point, besides what you have stated in reply to Mr. O'Connor?—No.

1408. (To Mr. Hamilton.) Have you anything to say?—No.

Mr. Ritchie.

1409. (To Mr. Knox.) I understand that the view which you take with regard to the questions which have been asked about the \$5,000 £. for coaling stations is, that you are no more called upon to give an explanation of it than you would be if a Minister had stated it in the House of Commons?—Yes.

1410. And being put in brackets in that expenditure, we can regard it as if the statement had been made verbally by a Minister in the House of Commons?—Yes; and the Estimates themselves contain many notes upon expenditure in that way, in order to help honourable Members to come to a conclusion whether it is

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advisable

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Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. KNOX, C.B.

[Continued.]

## ARMY APPROPRIATION ACCOUNT—continued.

*Mr. Ritchie*—continued.

advisable to vote the total amount; it does not follow certainly as a matter of course that we render separate accounts of such expenditure; if we did it would enormously increase our accounts, and, in fact, it could not be done within the time allowed to us for making them up.

1411. One question with regard to Treasury sanction; I suppose you never have any difficulty if you want a Treasury sanction quickly in the matter of the War Office in obtaining it?—No.

1412. As a matter of fact, it is not an uncommon thing for the War Office (I know it was not at the Admiralty), that where Treasury sanction is urgently required, it can be obtained on the same day?—Certainly.

## On VOTE 1.

## PAY OF THE GENERAL STAFF, REGIMENTAL PAY AND ALLOWANCES, AND OTHER CHARGES.

*Chairman.*

1413. (To Mr. Knox.) The Comptroller and Auditor General calls attention to the fact that when the authority of the Treasury was obtained to the charge of 2,000 *l.* a year, the salary for the Governor of Malta upon this Vote 1, the War Office rather undertook that there should be savings upon that Vote, which would compensate for the increased charge, and yet I find on page 15 of the account that the excess in that Vote is attributed in part to the payment of this 2,000 *l.* a year to the Governor of Malta; have you any observation to make upon that?—I have not in my mind the definite words used, but the undertaking was that the expenditure upon the general staff of the army should be reduced by 2,000 *l.* a year.

*Mr. Arthur O'Connor.*

1414. Was that to be done by a reduction in the pay?—Yes; steps were taken immediately to carry it out. I may mention what was done; the pay of the aides-de-camp of the army was reduced generally by about 3 *s.* a day.

*Chairman.*

1415. The words of the Treasury are these: "I am to acquaint you, for the information of the Marquis of Hartington, that my Lords assent to this proposal on condition that a saving of at least a similar amount will be effected on the total sum required for the pay of the staff of the army generally, as stated in Mr. De la Bère's letter"?—Yes, quite so.

1416. Do you think that, after making and accepting a condition of that kind, the War Office ought to have appealed to this increased salary of the Governor of Malta as the reason for exceeding their Vote?—That was the immediate increase which caused the increased charge upon the

## ARMY APPROPRIATION ACCOUNT—continued.

## Vote 1.—Pay of the General Staff, &amp;c.—contd.

*Chairman*—continued.

Vote; but the decrease that was effected was a decrease which took some time to carry out, and could only affect those who were appointed subsequently to the change that was made.

1417. Do you admit the necessity of increasing the deficit by the sum of 282 *l.* in consequence of the payments referred to in paragraph 14 of the Comptroller and Auditor General's Report?—Yes.

1418. Have vouchers been furnished for the amount of 49 *l.* 1 *s.* 10 *d.* mentioned in paragraph 15?—That is so. (Mr. Ryan.) Vouchers have been furnished. I shall lay before the Committee a little later on the vouchers received since this Report.

*Mr. Jackson.*

1419. (To Mr. Knox.) You rather, so far as I gathered, seemed to think that the saving of 2,000 *l.* would hardly come into operation at once, but must be made upon a new appointment; but surely the obligation which is accepted by Mr. De la Bère's letter is very distinct, is it not; he says, "I am to add that, should their Lordships' consent to this proposal for providing the 2,000 *l.* a year from Army Votes, the Marquis of Hartington will be prepared to give an assurance that a saving to at least a similar amount shall be effected in the total sum which will be required for the pay of the staff of the army generally?—That was what was in the mind of the Secretary of State at the time; that he would make a reduction in the pay of the aides-de-camp in the army, and that was what was subsequently submitted to the Treasury in order to carry out the undertaking.

1420. But it would be well within his knowledge whether it was competent for him to make such a reduction or not in the staff then in existence?—It was not within his purpose, at all events, to make a reduction in that way.

1421. You see it appears to be a very definite obligation which he takes?—And it has been fulfilled.

1422. Has it been fulfilled?—Certainly.

1423. The 2,000 *l.* has been saved?—£. 2,000 a-year has been saved, not on this year but on subsequent years. An arrangement was made to reduce the charge for the general staff of the army by 2,000 *l.* a-year, but that did not come into operation immediately; it is in operation now, and has been for some time.

*Sir Walter Barttelot.*

1424. Is that reduction confined to the aides-de-camp?—Yes.

1425. Has no attempt been made to reduce anybody else except the aides-de-camp?—Not in consequence of this undertaking.

1426. Why were the aides-de-camp picked out?—Because it was thought that they were overpaid.

1427. Is

12 May 1886.] Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. KNOX, C.B. [Continued.]

ARMY APPROPRIATION ACCOUNT—*continued.*

Vote 1.—Pay of the General Staff, &c.—*cont'd.*

Mr. Arthur O'Connor.

1427. Is the saving an annual saving?—Yes.

1428. On the one particular item?—Yes.

1429. How then do you account for the fact that there is an increase in the Estimates for the current year of 10,000 *l.*, because that is not a saving?—No, there are additions to the Estimates this year for the staff in Egypt, and various appointments of that kind; but it would have been 2,000 *l.* a year more if this reduction had not been effected.

1430. Would not that, or ought not that, reduction to have been effected whether you had a Governor of Malta to provide with 2,000 *l.* a year or not?—I should think it ought, certainly.

1431. Are there any other things in Vote 1, or in any other Vote, that will admit of a reduction of this kind in case it is desirable to give a Governor in some colony a couple of thousand a year out of the Imperial Exchequer?—Not that I am aware of.

1432. When was this excess of payment of 2,000 *l.* a year to the aides-de-camp discovered?—About the time at which this correspondence is dated.

1433. I suppose when it was desired to give the Governor of Malta 2,000 *l.* a year it was necessary to overhaul this particular Vote in order to see what reductions could be made to compensate for it?—No, I do not think it was that exactly; it may have been in the minds of several of us at the War Office, and Lord Hartington used this as an argument to get the Treasury to consent to something to which they ought to have consented without any persuader.

1434. Upon the merits the Treasury might, you think, reasonably have consented to the increase without this reduction on the aides-de-camp pay?—Certainly, they were asked to do so.

1435. And if they had been asked to do so, and had consented to it, would this reduction have been carried out?—Probably it would; perhaps not so soon; it might have taken a little longer to be developed.

1436. There was a distinct departmental object in making the reduction under the circumstances?—There was.

Chairman.

1437. (To Mr. Ryan.) Have you any further observations to make on this Vote?—No.

1438. (To Mr. Hamilton.) Have you anything to say?—No.

On VOTE 9.

COMMISSARIAT ESTABLISHMENTS.

Chairman.

1439. (To Mr. Ryan.) Will your list of vouchers received since this Report contain a list of the vouchers on Vote 9?—Yes.  
0.69.

ARMY APPROPRIATION ACCOUNT—*continued.*

Vote 9.—Commissariat Establishments—*cont'd.*

Mr. Jackson.

1440. Will that list contain a statement of the vouchers which have not been supplied in accordance with these recommendations; will it deal with the whole of the vouchers that are wanted?—The list will deal with the whole of the vouchers that have been received, and are therefore admitted; and the balance, which we cannot admit, will be stated as the whole.

Chairman.

1441. Will not the list which you give correct paragraph 63 of the Report, and show what can now be admitted?—Yes.

1442. (To Mr. Knox.) Have the vouchers mentioned in paragraph 20 of the Comptroller and Auditor General's Report yet been supplied?—Not all of them; there are still outstanding vouchers for 682 *l.*, I think.

1443. Why are those still outstanding?—They are mainly, almost entirely, I think, claims from the Indian Government; and a letter has been sent out to India for more detailed information, and for the vouchers necessary, but they have not yet been received.

1444. Will the effect of the payments being disallowed by the Comptroller and Auditor General be to postpone the adjustment of that now until next year?—Yes.

1445. The Comptroller and Auditor General calls the attention of the Committee to the 14th section of the Revenue Act of 1884, which directs payments to persons employed in Her Majesty's Military Establishments to be made and witnessed in the manner prescribed by the Treasury; have any regulations yet been made by the Treasury in pursuance of that Act?—They are now being drafted; letters have passed between the two departments, and they are coming to an arrangement as to what form they shall take; they are now being prepared, and will be shortly issued.

On VOTE 10.

PROVISIONS, FORAGE, FUEL AND LIGHT, TRANSPORT, &c.

Chairman.

1446. (To Mr. Knox.) Have the vouchers mentioned in paragraph 23 of the Comptroller and Auditor General's Report yet been supplied?—Of the 5,200 *l.* odd, for all but 9 guineas, the vouchers are forthcoming.

1447. I wish to call your attention now to the fact that on this Vote there is a surplus realised of 332,185 *l.*, and yet there is a statement upon page 39 of the accounts that a considerable liability upon one of the Sub-heads has been carried forward to the following year; do the Committee of Public Accounts gather from that that sums of money that come in course of payment, and ought to have been made in the year now under consideration, were deliberately held  
M 3 over

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MR. HAMILTON, C.B., MR. RYAN, C.B., and MR. KNOX, C.B.

[Continued.]

ARMY APPROPRIATION ACCOUNT—*continued.*Vote 10.—Provisions, Forage, Fuel, &c.—*continued.**Chairman—continued.*

over for the purpose of increasing the surplus on that Vote?—Certainly not. It is expenditure at the Cape mainly, for which the liability was incurred, and which it was hoped we should be able to settle locally during the year for which provision was made in the Supplementary Estimate for Bechuanaland, but it did not come in course of payment.

1448. Then perhaps the expression “carried forward” is not quite accurate, and you should rather have said that the liability had not ripened for payment during the financial year. I am looking at page 39, where it is said that a considerable liability is carried forward; are the Committee, then, not to consider that as meaning that the payments have accrued due and have been held over?—No, certainly not.

1449. Then I shall ask a question upon that on a later Vote?—If you please.

## On VOTE 11.

## CLOTHING ESTABLISHMENTS, SERVICES, AND SUPPLIES.

*Mr. Magniac.*

1450. (To Mr. Knox.) I see that this Vote is put down for the Army Clothing; is it the case that these clothes and this expenditure is for the Army only?—For the Army and Militia and all the Forces under the War Office; the Department also does some inspection for other Departments; the gross charge includes clothing for the Marines too; and that is met by a repayment from the Admiralty.

1451. Is the repayment shown on the Vote?—Yes, in the Appropriations in Aid; it is included in the sum of 403,000 £., and the details of this you will see at page 11. There is 37,590 £. for the clothing for the Marines. The gross Vote includes supplies of clothes to the Army in India, for which the Indian Government repays us as they do the home charges.

*Mr. Jackson.*

1452. Is this for clothing or for other kinds of stores?—For clothing; all the articles we call clothing.

*Mr. Magniac.*

1453. Is it not the case that this includes the clothing for a number of other persons and Departments?—No.

1454. No police?—No.

1455. Are you quite sure?—I am quite certain.

1456. For the Coastguard?—No, I do not think so for the Coastguard. I think that the marine clothing is all that we do for the Admiralty.

1457. For postmen?—You see here a note in the Estimates on Vote 11 which states, “Re-

ARMY APPROPRIATION ACCOUNT—*continued.*Vote 11.—Clothing Establishments, &c.—*continued.**Mr. Magniac—continued.*

ceipt and inspection of clothing for the following Departments,” are undertaken by this Department: “General Post Office and Telegraph Service, Metropolitan Police, London and Dublin, Irish Constabulary, Custom House, Board of Trade, Convict Service, Prison Board, Colonial Governments, Office of Works, English County Constabulary, Royal Hospital, Chelsea, Royal Courts of Justice, Trinity House.” It is receipt and inspection, but the expenditure is not incurred here.

1458. Then, in fact, this Vote is not entirely and only an Army Vote, but it is for a great clothing establishment?—So far as it is employed on the inspection of clothing it is not Army work, but the Estimates do not profess to be for the Army only; they are for the services undertaken by the Army Department.

*Mr. Arthur O'Connor.*

1459. This Vote covers material for the Army only, though under Sub-head A. there is an allowance charged for inspection of other Departments?—Yes.

*Mr. Magniac.*

1460. Does not this Vote cover the cost of cloth and materials for the Departments you have mentioned?—Not a halfpenny.

*Mr. Jackson.*

1461. As I understand the service to which you refer is a service rendered by this Department, because they have men competent for the purpose; they receive the goods, inspect them and pass them, but the cost of the material has nothing to do with them, nor is any labour done by them beyond that of mere inspection?—That is so.

*Mr. Arthur O'Connor.*

1462. Is there any reason why the item for wages for making clothing at the factory is exceeded every year, whilst the other sub-item of contracts for making up clothing, that is to say, outside the factory, is never expended entirely?—I do not know. I was not aware that that was the fact.

1463. The estimate is challenged from year to year; 60,000 £. for making clothing at the factory is almost invariably exceeded, whilst the estimate for making up clothing outside the factory, 20,000 £., is equally stereotyped, but the money is never expended?—I am not aware of the reason.

1464. Is there any indisposition on the part of the clothing authorities to give contracts outside the factory?—I am not aware of any.

1465. Is there any representative of the Clothing Department here?—No, there is not.

1466. Although

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[Continued.]

## ARMY APPROPRIATION ACCOUNT—continued.

Vote 11.—Clothing Establishments, &c.—  
continued.

Mr. Jackson.

1466. Although there may be no objection to giving out contracts for clothing outside, I suppose we may take it that there is an increasing disposition to do, so far as possible, all the work that can be done at Pimlico and these other places?—No; I think it is always understood that a certain amount of work should be done outside, but there are not many firms who undertake work of that kind; they are limited.

Mr. Arthur O'Connor.

1467. But those who do the work outside complain constantly that they do not get the money voted expended for the service which it is intended to cover, whereas the Factory Vote is always exceeded?—I have no doubt that it is in accordance with the contracts that are made. The contracts are entered into that they shall make up a certain amount of clothing, and that is given to them. It may be that during the year they have not, perhaps, complied with the whole of the requirements or delivered the goods. That difference of 1,800 l. might arise from any accidental circumstances of that kind.

1468. But this has not been brought under your own personal observation?—No.

Mr. Magniac.

1469. Did I clearly understand you to say just now that this Vote includes the cost of cloth and materials for the Army only?—No; for the Army, including the Army at home and in India, for the Marines, and for some very small services. These are stated at page 49 of the Estimates. For those we are repaid.

Sir Walter Barttelot.

1470. Do you make up the clothing of the Army in India during the time of their service there?—Yes.

1471. Do you send it out every year?—Yes.

## On VOTE 12.

SUPPLY, MANUFACTURE, AND REPAIRS OF  
WARLIKE AND OTHER STORES FOR LAND  
AND SEA SERVICE (INCLUDING ESTABLISH-  
MENTS OF MANUFACTURING DEPARTMENTS).

Chairman.

1472. (To Mr. Knox.) Upon this Vote there is a deficit of 319,399 l., and yet in the statement of expenditure in the detailed explanation on pages 45, 46, and 47, there are a number of items in which there is a deficiency which is there said to be covered by the Supplementary Estimate; how can a Sub-head or item be covered by a Supplementary Estimate when there is a very large deficit upon the whole?—This Vote shows a deficiency of 319,009 l.; but as is stated upon the Supplementary Estimate which was 0.69.

## ARMY APPROPRIATION ACCOUNT—continued.

Vote 12.—Supply, Manufacture, and Repairs, &c.—  
continued.

Chairman—continued.

asked for in November 1884, it was contemplated that the whole of the Vote of Credit taken for the relief of General Gordon, 300,000 l., should be devoted to the Store Vote; that 300,000 l. was spent exclusively upon stores as stated there, and that was intended to cover this 319,000 l.; so that if this Vote of Credit had been appropriated to this Vote as was contemplated, there would have been a deficiency of 19,000 l. only upon the Vote; but as the Committee doubtless are aware a Vote of Credit cannot be touched if the savings upon other items in the Estimate are sufficient to meet the deficiency, and that was the case in this instance.

Mr. Jackson.

1473. Or until they are exhausted?—Or until they are exhausted. It was the case that there were sufficient savings upon other Votes to meet this, and therefore the Vote of Credit has not been called upon at all to make up the deficiency.

Chairman.

1474. Then it would have been a more correct statement, would it not, to say that it was intended to be covered by the Vote of Credit?—No, but by the Supplementary Estimate also.

1475. In one item I see it is stated that it was intended to be covered by the Supplementary Estimate; would not that note have been a more correct one on all the items?—No; because this was intended when the expenditure was incurred. First of all, the Vote of Credit for 300,000 l. was taken, and almost the whole of that expenditure, practically the whole of it, was for stores which were necessary for the expedition contemplated, and all we had available for a very long time was this 300,000 l. Then subsequently it was found, as matters developed, that 300,000 l. was not enough for the expedition up the Nile, and a further sum was asked for, I think, improperly, as a Supplementary Estimate; it would have been much better if it had been taken in the same form as the previous grant had been; but that being so the money that was voted by means of that Estimate must be appropriated in the first place, and the saving or deficiency shown upon it before the Vote of Credit can be touched, although it was granted before the Supplementary Estimate, and for the same purpose.

1476. Still these items never were covered?—Yes, they all were.

1477. How can that be, when the total of them is exceeded, when there is a deficit upon this Vote of 319,000 l.?—£. 300,000 of that was covered by the Vote of Credit, which, however, has not been made use of because other funds were available.

1478. Will you also tell me what is meant by a statement made in several of the items where there is a deficit; that a considerable amount is carried forward for payment to 1885-86. In this case are any payments which have accrued due, and

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ARMY APPROPRIATION ACCOUNT—*continued.*

Vote 12.—Supply, Manufacture, and Repairs, &c.  
—*continued.*

*Chairman*—*continued.*

and which would have been met, if there had been money enough postponed?—No, none.

1479. Then do I correctly understand that, as a matter of financial principle, you would object to postponing payment which had accrued due, and which in the ordinary course ought to have been paid; that you would object to postponing it from fear of a deficiency?—Certainly.

1480. The Comptroller and Auditor General calls attention to the fact that the deficits on Sub-Heads I., J., M., R., S., T., and W. are not explained in the Appropriation Accounts, and were not explained in the letter, although explanation was invited; you will observe on page 211, in letter Q., that attention was called to the absence of any explanation of the cause of the deficiency on these Sub-heads, but in the answer of the War Office, dated the 11th of January 1886, no notice is taken of that part of Mr. Treherne's letter; are you able now to give any explanation on the deficit on all, or any of those Sub-heads?—No further than this: that all these excesses arose from expenditure for these Egyptian expeditions, and were covered by the amount that was allotted to the Vote, namely, 432,000 *l.*

*Mr. Jackson.*

1481. Was that taken out of the Supplementary Estimate?—Yes, and the Vote of Credit; that was the amount allotted.

1482. You put the Vote of Credit and the Supplementary Estimate together?—Yes; we should have had to call upon the Vote of Credit if savings had not arisen on other Votes sufficient to meet this, without going to the Vote of Credit.

*Chairman.*

1483. The statement of expenditure printed on page 185 of these accounts shows 597,911 *l.* 12 *s.* 11 *d.* as the values of stores supplied to the Navy in this financial year; was the whole cost of those stores charged to the Vote?—No.

1484. Then what part of the amount was due to the value of materials already in store?—That I cannot say; but that was the value of the stores that were issued during the year to the Navy. It might so happen that they have been issued entirely out of store; but we were at the same time as stated spending 500,000 *l.* for naval services.

1485. And you are unable to say what proportion of those stores came out of stock, and what was bought for the purpose?—No, I cannot say.

1486. I suppose the fact of the great reduction of the value of the stores during the year is due to the expeditions?—No; the largest item is due principally to the issue of new small arms for the Volunteers; it is partially due to the expeditions, and then also very considerably to the sale of condemned stores, which was excessive this

ARMY APPROPRIATION ACCOUNT—*continued.*

Vote 12.—Supply, Manufacture, and Repairs, &c.  
—*continued.*

*Chairman*—*continued.*

year, as the result of the remain of stores that was taken the previous year at Woolwich; the stocktaking that took place there specially. The value of the small arms issued to the Volunteers was over half-a-million.

1487. Then, with reference to paragraph 27 of the Comptroller and Auditor General's Report, I understand you to say that no liabilities have been carried forward to 1885-6, which properly should come in the course of payment in 1884?—That is so.

*Sir Walter Barttelot.*

1488. Has no provision been made to replace these arms given out to the Volunteers?—Yes, a considerable expenditure is being incurred on small arms at the present moment.

1489. Is the new arm adopted?—No, I cannot say that it is finally; it is on trial at present.

1490. Then how has that large increased expenditure been incurred on new arms if no new arm is adopted; are you making still the Martini-Henri rifles?—The Martini-Henri rifles are being made; they are not being made at Enfield, I think, but mainly by the trade.

1491. Then what is the large expenditure upon the small arms that has been incurred; is it to replace the stands of arms handed over to the Volunteers?—The expenditure is being incurred. I do not know whether I am quite correct in saying that the arm has been adopted; a considerable number have been made, or are in course of being made; but they are undergoing some final trial, and I do not know whether that final trial is intended as a test such as would reject the arm.

*Sir John Lubbock.*

1492. Would they make any very large number before they finally decide?—Not very large.

1493. Then it would not affect the Vote very materially, would it?—A large sum was taken in this year's Estimate, with a view to turning out a large number this year.

*Mr. Jackson.*

1494. That is at Enfield?—Yes; but of course we are only six weeks in the new financial year.

*Mr. Arthur O'Connor.*

1495. With regard to deficits, would you kindly look at page 5; there at the bottom you find on the right-hand side, "Net surplus, 560,198 *l.* 13 *s.* 7 *d.*" I suppose we may find in that net surplus an explanation of all those deficits which are said to be covered by the Supplementary Estimates. There is a surplus upon all the Votes, and that is really what is meant when it is said that these deficits are covered out of the Supplementary Estimates. The Supplementary Estimates, taking all the Votes together, are in fact sufficient to cover these

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[Continued.]

ARMY APPROPRIATION ACCOUNT—*continued.*Vote 12.—Supply, Manufacture, and Repairs, &c.  
—*continued.*Mr. Arthur O'Connor—*continued.*

these particular deficits on individual items; is not that so?—That surplus arises upon the original Estimates, plus the Supplementary Estimates granted during the year; and those Supplementary Estimates were obtained to meet special expenditure largely upon the Store Vote.

1496. On page 4 is there not a note to the effect that it was not found necessary to apply any portion of the 300,000*l.* given. "The Vote of Credit (300,000*l.*) for the relief of General Gordon was received by the War Office to be applied in aid of Vote 12, as pointed out in the Supplementary Estimate for Army Services, dated 10th November 1884. It has not been found necessary to apply any portion of it finally in aid of the expenditure, as the Supplementary Grants have proved sufficient to meet the charges brought to account during the year"?—Yes.

1497. With regard to these deficits and the explanation which is inserted opposite a number of them, as for instance opposite item W. on pages 48 and 49, "liabilities are carried over to 1885-86," the same explanation is made use of with regard to items where there is no excess at all on some other Votes; for instance, on page 38 there is shown to be a sum of 1,219,000*l.* granted as a Supplementary Estimate, none of which was spent?—A considerable sum was spent.

1498. It is not so shown specifically?—Not as against that item.

1499. And yet against that item a considerable liability was carried forward to the following year; that is a case in which the figures entered in the column of expenditure are less than the sum granted. On page 49 there is the same explanation, "liabilities are carried over to 1885-86," inserted opposite the amount entered in the column of expenditure "more than granted;" is there anything to explain that disparity?—That 133,000*l.* for miscellaneous stores is one of the items for which the expenditure was expected to be very large, and would be met by the Vote of Credit, and the Supplementary Estimate which on this Vote alone amounted to 787,000*l.* That 133,000*l.* was spent in excess of the sum that was originally devoted to that item W., and was to be met out of that available balance; but a note is added that liabilities were carried over, the meaning of which is, that notwithstanding that 133,000*l.* was spent in excess, it might have been that a still larger sum would have been chargeable if it had been possible to bring the charges in course of payment during the year.

1500. Have the payments fallen due?—No.

1501. Then it was not as yet a liability actually matured?—In that sense it had not matured.

1502. Then what was the use of entering those liabilities as carried over?—It meant that the expenditure had not reached the limits that it was contemplated it might have reached. Orders  
0.69.

ARMY APPROPRIATION ACCOUNT—*continued.*Vote 12.—Supply, Manufacture, and Repairs, &c.  
—*continued.*Mr. Arthur O'Connor—*continued.*

were given to contractors for stores to be delivered, which it was hoped, and very much to be desired, should have been delivered, so that we should have been in a position to pay for them before the 31st of March. It turned out not to be so, and that, in official parlance, the correctness of which I am not prepared to defend, it is stated "liabilities carried over."

1503. But the War Office has done nothing to postpone payment for the purpose of reducing the present expenditure and carrying it over to another year?—Nothing whatever. We had 800,000*l.* to spend, and could not spend it; we should have been very glad to have got all the accounts in and paid them.

Mr. Lane.

1504. With regard to the surplus under Sub-head K., on page 46, it is explained as being due to the failure of contractors to deliver in time for payment within the year; what is the latest date for delivery of supplies which entitles the contractor to payment within the financial year?—It differs, according to the character of the work; sometimes it is really not a delivery that takes place. There is an entry in the contracts that we can pay instalments upon the reports of inspectors, and those are made at the latest possible date; it may be only a few days before the 31st of March.

1505. It is always a matter of specification in the contract what the latest day is?—No, I do not know that it is; but the contractors are urged to send in their bills at a certain date, with a view to their going through the necessary check and examination before they can be paid, because if they are not paid by 12 o'clock at night on the 31st of March, they cannot be charged against the year's account.

1506. I asked the question because you said a moment ago that you were anxious to pay every account you could from the surplus you have on hand. I want to know, in that particular item, what was the cause of its being objected to; whether it was as to a specific length of time that elapsed between delivery and the closing of the financial year?—It varies, according to the nature of the claim; if it was a claim that could be stated simply and did not require much examination, it might be late; if it was a long claim that required examination by two or three different branches, a longer time might be required.

Chairman.

1507. (To Mr. Ryan.) Have you anything further to say with regard to this Vote?—Nothing more.

1508. (To Mr. Hamilton.) Have you anything to say?—No.

N

1509. (To

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[Continued.]

## ARMY APPROPRIATION ACCOUNT—continued.

## On VOTE 13.

SUPERINTENDING ESTABLISHMENT OF, AND  
EXPENDITURE FOR, WORKS, BUILDINGS,  
AND REPAIRS AT HOME AND ABROAD.

*Chairman.*

1509. (To Mr. Knox.) Have you any observation to make upon the disallowance by the Comptroller and Auditor General of the sum of 23*l.* 6*s.* as not properly chargeable against the Vote?—I think the objection is a very fair one; the money was, however, paid on the recommendation of the Crown Advocate at Malta. An action was brought against the Commanding Royal Engineer there with reference to some interference in connection with the roads; the Crown Advocate recommended that the payment should be made, the Director of Works sanctioned it, and it was paid. Then it was questioned; and I think myself it ought not to have been recorded in the way it was, and the Director of Works ought to have referred the question elsewhere as being a legal expense; but not having done so it was referred to the Treasury, and the Treasury thought it might be paid. I think that if it had been examined in another branch than that of the Director of Works the question would have been raised, and, at all events, the Treasury would have been asked about it before it was paid.

*Mr. Arthur O'Connor.*

1510. (To Mr. Hamilton.) With regard to this item a sum of 23*l.* 6*s.*, to which the Treasury objected as being neither a legal nor an equitable payment, found its way into the Army Accounts?—Yes.

1511. Supposing that that claim had been defrayed out of any fund which does not receive at the hands of the Treasury or of the Comptroller and Auditor General any detailed audit or examination, how would the Treasury have been able to deal with it?—I suppose it would not have been brought under the notice of the Treasury; that is the advantage we get from an audit.

*Mr. Jackson.*

1512. But the sanction of the Treasury might have been obtained for it if it were outside the Army or Navy?—Yes.

## On VOTE 15.

## MISCELLANEOUS EFFECTIVE SERVICES.

*Chairman.*

1513. (To Mr. Knox.) The Comptroller and Auditor General calls the attention of the Committee to a charge of 440*l.* being put under Sub-head K., Compensation for Losses, which in his opinion ought not properly to be charged under that Sub-head; could you inform the Committee what is the authority under which the War Office charge a loss of that kind under Sub-head K?—For 40 years at least the Warrant which we obtained from the Treasury for

## ARMY APPROPRIATION ACCOUNT—continued.

Vote 15.—Miscellaneous Effective Services—  
continued.*Chairman—continued.*

the indemnification of losses has included provision for writing off losses of this kind, and it is dealt with in accordance with that Warrant. The Regulation is "No claim will be admitted on account of the loss of money which is the private property of the individuals. But in special cases where public money which has been regularly received by individuals, and has unavoidably remained in their hands, shall be lost on service, application for indemnification may be made;" and it is dealt with as a claim for losses which the Secretary of State has sanction to deal with under this Warrant.

1514. Is it a fact, as stated by the Comptroller and Auditor General, that losses of this kind have not usually been dealt with in this manner?—I do not think so. A loss on service of this kind has always been reported on by a Board in accordance with the Regulations laid down; the officer has reported the circumstances under which it occurred; the Board then make recommendation with regard to it, and the Secretary of State deals with it in accordance therewith.

1515. (To Mr. Ryan.) What have you to say to that?—We have found other cases of robberies, and losses of that kind, which have been charged to "Losses Irrecoverable"; and the distinction in the way it is charged is important, inasmuch as in one case the loss if charged to "Losses Irrecoverable" must come before the Treasury, and be sanctioned by them, and each item must be shown distinctly in the Appropriation Account under "Losses Irrecoverable"; where as if losses are charged in this way by the War Office under "Compensation" the Treasury knows nothing of it, and Parliament knows nothing of it; the money disappears without any record of it.

1516. (To Mr. Hamilton.) What is the view of the Treasury upon this point?—I think that in our view the item would have been more properly treated as a loss irrecoverable.

1517. (To Mr. Knox.) Would there be any objection to treating cases of this kind as losses irrecoverable?—I do not know that there would. Losses on service, I may mention, are really losses arising mainly on active service; we have not losses of this kind otherwise, and the circumstances are fully reported to the Secretary of State by the General Officer and the Board that inquires into it. I think it is the view of the Secretary of State that he ought to decide the matter then as to whether any liability should arise in connection with that upon any individual; that he should have the power to decide the question without reference elsewhere. It is a matter of military administration.

*Sir Walter Barttelot.*

1518. In many cases it would be a very great hardship upon the individual, would it not?—In all cases it is not allowed; it might be disallowed against an officer if it were shown that the circumstances

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Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. KNOX, C.B.

[Continued.]

## ARMY APPROPRIATION ACCOUNT—continued.

Vote 15.—Miscellaneous Effective Services—  
continued.

Sir Walter Barttelot—continued.

stances were not such as to practically exculpate the man in charge of it.

1519. But, as a general rule, is it not the case that, in most of these cases, it is from unavoidable circumstances that the losses take place?—Yes.

Mr. Arthur O'Connor.

1520. But who would be compensated in these cases?—The officer in whose charge the money was.

1521. He loses the money, and gets some other to compensate it?—He gets the public to compensate it.

1522. Do you call it compensation?—Yes, it is the term used; he replaces the money from his own pocket, and we compensate him for that loss.

1523. Does he replace the money, and then appeal *ad misericordiam*?—That is the usual course, but I do not know that in this case it was done.

1524. In this particular case this was a loss of a sum in specie of 440 l.?—Yes.

Mr. Jackson.

1525. For which the officer was responsible?—Yes.

1526. And therefore, to square his accounts, you compensated him?—Yes.

Mr. Arthur O'Connor.

1527. You technically considered him as having made it up out of his pocket, and then compensated him out of public money?—Yes.

1528. (To Mr. Ryan.) The Comptroller and Auditor General objects to that as very dangerous, I understand?—Yes, because he thinks that public money would disappear without the knowledge and sanction of the Treasury, as the supreme finance controlling department. (Mr. Knox.) It would be charged against a special item in Vote 15, so that if any large sum, in excess of what was provided, was written off there, it would be noticed, and would have to be specially explained.

Mr. Jackson.

1529. It would not make any difference in the amount of money available, or at your disposal, even if went through the other course?—No, it would be a charge against the Army Accounts in either case.

Mr. Arthur O'Connor.

1530. But, as a rule, that item under Vote 15, has been held to defray allowances to replace an officer's horse or clothing, has it not?—Yes, they are all dealt with in the same Warrant.

1531. Something belonging to himself personally?—Yes.

1532. Has it ever been used before for the purpose of replacing public money lost?—Yes; it is on that ground I defend it, namely, that it has always been so.

0.69.

## ARMY APPROPRIATION ACCOUNT—continued.

## ON VOTE 22.

## CHELSEA AND KILMAINHAM HOSPITALS.

Chairman.

1533. (To Mr. Knox.) Ought not so much of the expenses of Chelsea and Kilmainham Hospitals as are due to their administration of the outpensions under Vote 23 to be charged to Vote 23?—No; there is no reason why it should be so. The Vote definitely states what expenditure is provided; we should certainly never think of splitting up the charge for an establishment and dividing it between two Votes, because it did work in connection with two Votes. Vote 9 provides for establishments which do work in regard to the distribution of the whole of the stores and supplies to the whole of the army; but we do not charge Vote 9 to either Vote 12 or Vote 10.

Mr. Arthur O'Connor.

1534. The Accountant General of the Army is concerned with all the Votes, and has to do with them all?—Yes; that would be the argument, I think.

Chairman.

1535. Has the opinion of the law officers ever been taken as to whether it is lawful for the business of Chelsea Hospital to be transacted by a quorum less than that prescribed by the Act of Parliament?—Not that I am aware of.

1536. It is a fact that, at present, the business is frequently transacted by a number of officers less than the quorum required?—I think not.

1537. Is it sometimes done?—No, I believe not now; I know that there are always a considerable number of officers at the head quarters of the War Office absent from the War Office on pension board mornings at Chelsea.

Mr. Jackson.

1538. It does not follow that they are at Chelsea?—I think it does on these occasions; it is a great interference with their work and important duties.

Chairman.

1539. Is it not now contended that custom has condoned the practice of conducting the business of the hospital without a quorum?—I do not think it is so held now.

1540. Have you any observation to make upon the 32nd paragraph of the Comptroller and Auditor's General's Report, in which he points out that out-pensions are in many cases paid to persons who are certainly described as in-pensioners?—I think that that is an oversight, but steps are about to be taken to set that matter right, and to admit of certain pensioners being employed in Chelsea Hospital upon work which it was contemplated that the in-pensioners might be able to do; but it is found that they cannot.

N 2

1541. Then

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[Continued.]

ARMY APPROPRIATION ACCOUNT—*continued.*Vote 22.—Chelsea and Kilmainham Hospitals—*continued.**Chairman—continued.*

1541. Then will care be taken to prevent these persons from acquiring a status as in-pensioners? Yes.

1542. They will remain out-pensioners, and will be employed on services in the hospital, but will not acquire the status of in-pensioners?—That is what is contemplated.

1543. In that case the provisions of the Royal Warrant will be observed?—Yes.

1544. It is also pointed out by the Comptroller and Auditor General that the provisions of the Royal Warrant, with reference to the age of in-pensioners, is in many cases transgressed; is that so?—This objection applies to these same persons who were admitted in that way; it was not quite in conformity with the Warrant; but it forms part of the *crimen* that has to be dealt with.

1545. Then that irregularity will also be put an end to by these changes that are contemplated?—Yes.

1546. When will these changes come into operation?—A Warrant is now under consideration, and is being drafted to make those changes.

1547. That same irregularity, then, will appear in the accounts ending the 31st March 1886, and that will be the last time?—That is the habit of the Comptroller and Auditor General; he draws attention to the errors if they have not been corrected in the subsequent account; that accounts for the length of the Report very often.

1548. The Comptroller and Auditor General also calls attention to the fact that the conditions of the Crown Warrant have not been observed in reference to the army service of in-pensioners; is there any intention to issuing an amending Warrant which will put that matter right: I should call your attention to the letters U. and V., which are on page 212, in which it is stated, in letter V., by the War Office, that a mistake was made in the Warrant of 1875; that that was intended not to impose a restriction for army service upon persons who lost limbs or received severe bodily wounds, which the text of the Royal Warrant of 1875 does impose?—I think that all these questions, and specially with regard to these Warrants as to pension, should be viewed with reference to the practice which was held for many years to be a very good one. The Warrant laid down mainly the principles upon which all these grants were to be governed; the Secretary of State was the sole interpreter of these regulations; and he dealt with them from a common sense point of view when the questions come up before him. I believe the Chelsea Com-

ARMY APPROPRIATION ACCOUNT—*continued.*Vote 22.—Chelsea and Kilmainham Hospitals—*continued.**Chairman—continued.*

missioners dealt with the Pension Warrants in the same way as they had the power to interpret the regulations. It was not an unreasonable doctrine to hold that when a man had had both his legs chopped off in service, he had completed his full time, and was entitled to be received into Chelsea Hospital; and that appears to be the view that was taken. It appears to me that no man maimed in service could ever have been received into Chelsea Hospital otherwise.

1549. Does the right to interpret the Crown Warrant or directions carry with it the right to do things contrary to the Warrant?—Yes, that has always been held. It may have been contrary to the letter, but it has been held to be in accordance with the spirit. The Secretary of State has never had any hesitation in doing that.

1550. But would it not be better to issue an amended Warrant if a mistake is found out rather than to continue to do things forbidden in the Warrant?—In later times, which some people think better, that is the course which we adopt in such matters; but that was not the course adopted when all these points were decided.

1551. Then is it intended to alter this Warrant of 1875, or leave it as it is, and continue not to observe it?—The small questions raised here, if it be found necessary to repeat the course adopted in the past, would be dealt with by a change in the Warrant. It is a very simple thing to alter them, and I have no doubt that the necessary alterations will be made.

1552. Have you anything to say upon paragraph 35 of the Report of the Comptroller and Auditor General, that calls attention to the fact that the Governors of Chelsea and Kilmainham have no longer any discretionary power; that they are really bound by the terms of the Royal Warrant in the administration of their duties?—With regard to certain points they are limited by the Warrant, but with regard to many others full discretion is given to them. They have full discretion with regard to pensions of men who receive severe injuries within wide limits.

1553. Then does the Royal Warrant of 1854, in the opinion of the War Office, take away any discretionary power which the Governors of Kilmainham and Chelsea previously had, or has the opinion of the Law Officers ever been taken as to whether that is not the effect of the Royal Warrant of 1854?—I think that these are all matters which, having been raised, must be dealt with now by Warrant, every one of them.

[The Witnesses withdrew.]

*Wednesday, 19th May 1886.*

MEMBERS PRESENT :

Sir Walter Barttelot.  
Sir John Gorst.  
Mr. Jackson.  
Mr. Lane.  
Sir John Lubbock.

Mr. Magniac.  
Mr. Arthur O'Connor.  
Mr. Ritchie.  
Mr. Rylands.  
Mr. Seely.

SIR JOHN E. GORST, IN THE CHAIR.

ARMY APPROPRIATION ACCOUNT, 1884-85.

Mr. EDWARD W. HAMILTON, C.B., and Mr. CHARLES LISTER RYAN, C.B.,  
re-called ; and further Examined.

Mr. RALPH HENRY KNOX, C.B., re-called ; and further Examined.

On VOTE 23.

OUT PENSIONS.

*Chairman.*

1554. (To Mr. Knox.) HAS the Royal Warrant, which was obtained on the 1st of November 1885, been yet presented to Parliament?—Yes, it has.

1555. Have you any observation to make upon the 39th paragraph of the Comptroller and Auditor General's Report, in which he calls the attention of the Committee to the fact that the provisions of the 24th & 25th Vict. c. 74, have not been adhered to with regard to awarding pensions to soldiers who formerly belonged to the Indian European Local Army?—The War Office has held that the Pensions' Act of August 1884 covers the Indian Pensions, as well as those granted under the other Warrants.

1556. But how is it that there is so incomplete a record of the choice made by soldiers as to whether they will come under the English or Indian Regulations?—The question has been whether these men should be bound by the choice which they made a long time ago, the Pension Warrant in the interim having been considerably improved, or whether they should not have the advantage of Warrants subsequently obtained.

1557. Do you mean to say that there is a complete record of the option exercised by each soldier as to whether he would come under one or other Regulation, because the Comptroller and Auditor General says in his Report that the records

*Chairman—continued.*

of the choice are stated to be often incomplete, and that in those cases it is usual to award the pension according to the Indian or European Regulation, as is most advantageous to the pensioner?—Such record is made upon what are called the personal papers of the soldier. Each soldier has his own personal papers, stating all the details of service, and the regulation is, that on those papers shall be noted the choice which the soldier may make. Sometimes it may happen certainly that, in all its details, it is not noted completely, but upon that we rely ; and I think that, generally speaking, it may be said that the choice is definitely stated.

1558. Is it a fact that the record of the choice of the soldier is often disregarded?—Yes, certainly.

1559. And that the pension is often awarded according to the English rules, although the soldier has come under the Indian rules?—Yes. It is not awarded to his disadvantage, but to his advantage. The question is whether he is to have the advantage of Warrants passed subsequently to his choice ; the general rule is that soldiers are entitled to that ; and because the Comptroller and Auditor General raised the legal question as to the power of the Secretary of State to grant these improved pensions, this Act of Parliament was obtained in order to take full power to do so. There was never any question

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Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. KNOX, C.B.

[Continued.]

## ARMY APPROPRIATION ACCOUNT—continued.

## Vote 23.—Out Pensions—continued.

*Chairman—continued.*

in the War Office as to the full power which the Secretary of State had to alter a Pension Warrant, and grant a man an improved pension.

1560. Is it the custom to include in the Indian Regulations all privileges alleged to be customary, as well as those actually printed in the Regulations, as is stated by the Comptroller and Auditor General?—Certainly.

1561. And has the Secretary of State modified the conditions, and fixed new rates of Indian pension in 1869?—He has fixed new rates of pension, and the Indian Government have said that, so far as they are concerned, they are quite willing that the soldiers who have previously served in the Indian army should have the advantages of those pensions, and they have been granted to them.

1562. And do the pensions awarded to soldiers who have served in India sometimes comprise additions made on account of non-military service?—Boon service is granted; that is to say, an addition has been made to the length of a man's service as a boon to him.

1563. But is it a fact, as stated by the Comptroller and Auditor General, that the pension awarded often contains an amount awarded for non-military services but for civil services, services, I presume, in a civil capacity, in addition to the pension which the man is entitled to by reason of his military services?—I do not remember any case being brought to my notice.

1564. If such a case existed, would you allow that it was improper?—It all depends upon whether the man was released from his army engagement. Many soldiers are employed in purely civil services during their military service.

1565. But Parliament has made provision under Vote 23 to provide pensions for civil or military services, has it not?—To provide pensions for men who have been under a military engagement.

1566. Even in consideration of civil service?—Yes, certainly, both for officers and men; that is the whole principle of the army service.

1567. That being so, do you consider that the Pensions and Yeomanry Pay Act, 1884, can affect pensions granted under Indian rules?—Yes, we hold that that is so.

1568. And you annul the conditions under which the 24 & 25 Vict. declares Indian pensions to be granted?—Yes.

1569. Do not you think it advisable to take the opinion of the Law Officers of the Crown upon the point, or do you think it so certain that no legal opinion is necessary?—It was thought that the words "pensions to soldiers" made it as certain as it could possibly be made; those are the words in the Act.

1570. Having regard to the fact that a difficulty in the construction of the Act occurs to the mind of the Comptroller and Auditor General, would it not be well to have the opinion of the Law Officers taken?—I do not think the Secretary of State would have any objection

## ARMY APPROPRIATION ACCOUNT—continued.

## Vote 23.—Out Pensions—continued.

*Chairman—continued.*

to do so; but there was no doubt felt at the War Office as to the interpretation of the Act. The Act says, "On and after the commencement of this Act it shall be lawful for Her Majesty, from time to time, to make, and when made, to revoke and vary orders relating to pensions of soldiers, and to the pay and pensions of the Yeomanry, including the commutation of pensions, the restoration of forfeited pensions, and the award and payment of both such pay and pensions as aforesaid." That appears to me to be as general as a thing can possibly be.

*Mr. Arthur O'Connor.*

1571. Irrespective of the conditions laid down in the previous Act?—Yes, and any Act; all the Acts are scheduled here.

*Chairman.*

1572. The Comptroller and Auditor General calls the attention of the Committee to cases in which pensions have been granted not in accordance with Royal Warrants. In paragraph 41 of his Report he points out that although the Royal Warrant of 1882, and all preceding Warrants, require a year's service in a class previous to discharge, in order to entitle a soldier to the pension of the class, an exemption has been made by the Secretary of State in favour of battery serjeants of the Artillery Militia; could you state under what power the Secretary of State makes such an exemption?—The power was exercised by the Secretary of State as the interpreter of the Warrant; he interpreted the service which battery serjeants had given in this case as service that came within the description given in the Warrant.

1573. Do you mean to say that when a Warrant requires one year's service, as a battery serjeant of the Artillery Militia, the Secretary of State interprets "one year" to mean "six months"?—No, that is not the case. I think I can describe it in this way. A non-commissioned officer was appointed to the Artillery Militia, he having at that time the rank equivalent to a senior battery serjeant, colour serjeant it would be in the Infantry. Under the Militia Regulations, in order to join the Militia, he surrendered this rank of senior serjeant or colour serjeant, and served, although he discharged all the duties of a senior serjeant, as a serjeant of Militia. Subsequently, to this position in the Militia was assigned exactly the same status as that which the non-commissioned officer had held when he was in the army, and the Secretary of State decided that inasmuch as he had held this position, exactly equivalent to that which he held when serving in the army, and as he had recognised the right of the militia men to this higher position, it should be held that so long as he had served in the Militia his rank as colour serjeant should be recognised.

1574. Would you give me a similar reply if I asked for an explanation of the reasons for the apparent

19 May 1886.] Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. KNOX, C.B. [Continued.]

## ARMY APPROPRIATION ACCOUNT—continued.

## Vote 23.—Out Pensions—continued.

*Chairman*—continued.

apparent infringement of the Royal Warrant, alleged in paragraph 42 of the Comptroller and Auditor General's Report; does the Secretary of State interpret the period fixed in the Royal Warrants 48, 61, 64, and 70, within which re-enlistment will enable soldiers to count their first service for pension; does he interpret those periods as shorter than they are expressed in the Royal Warrant to be?—There was a special Warrant passed in 1870, enabling the Secretary of State to permit soldiers to count their former service if they re-engaged, although they might have been out of the army for an indefinite period.

1575. Was that indefinite in the Warrant of 1870?—The Warrant was quite indefinite. The Secretary of State, however, added to the Warrant in issuing it, that for a time, under his own instructions, and on his own responsibility, the service should be of a certain period; that was to be the general rule; but under certain circumstances the Secretary of State, having full power under Warrant to do so, departed from that rule.

1576. Then I understand you to say that the Royal Warrant of 1870 did not fix any specific period, but left the time indefinite; that the Secretary of State having himself fixed it for his own guidance, can unfix it at any moment he likes?—Yes, and did so in special cases.

1577. With reference to paragraph 44 of the Comptroller and Auditor General's Report, where he states that the Royal Warrant of 1848 admits privates and non-commissioned officers not above the rank of corporal to deferred pension for good conduct, it appears in that case that the words have been interpreted as including serjeants; is that the case?—Yes. Subsequently to the issue of the first Warrant within a few years, in 1855, a Warrant was issued withdrawing this restriction from men holding the position of serjeant, and a rank above serjeant in all respects; they were to have all the advantages of good-conduct pay, which was practically inherent in their service; but there was one clause in the Warrant which was overlooked at the time, namely, that dealing with the deferred pension. When the question came to be considered, it was held that the full intention of the Secretary of State was that they should have all the advantages attaching to good-conduct pay; that that was the intention of the Warrant, and that it was an oversight that that clause in another portion of the Warrant was not struck out at the same time as the change was made. Is the practice mentioned in paragraph 47 of the Report of the Comptroller and Auditor General, "of allowing two-thirds of a month's service to reckon as the service of one month" now abandoned?—Yes.

1578. Have you any observation to make upon the 55th paragraph of the Comptroller and Auditor General's Report?—Yes; these are pensions which, it is admitted, were over calculated; some halfpennies have been granted in excess of what the Warrant contemplated; there 0.69.

## ARMY APPROPRIATION ACCOUNT—continued.

## Vote 23.—Out Pensions—continued.

*Chairman*—continued.

are very few cases considering the number of pensions that have been examined, and they are in respect of pensions granted many years ago. The Secretary of State does not feel warranted, in fact, he declines to accept the responsibility of cutting down any one of those pensions.

1579. Is it not the contention of the Treasury that although no arrears should be sought to be recovered in respect of such pensions, yet, for the future, the real legal pension, and not the mistaken pension, should be paid?—That is the view of the Treasury; but that is not the view, however, of the Secretary of State; therefore he has taken no steps to cut down the pensions granted a long time since, until this Committee may give its decision. The Secretary of State holds that when this test audit was applied, it was not intended to be applied tyrannically to review charges which had been practically sanctioned on his responsibility, fully recognised at the time, many years ago; and therefore that anything which the auditors may have pointed out that may have gone wrong in regard to these charges in previous years, should act, no doubt, as a caution, and impress the necessity for further care (though I do not see how further care can well be exercised), and that it should have no effect whatever on a pension granted so long since, and passed for years in the accounts.

*Mr. Jackson.*

1580. And which still continues?—Yes.

1581. What is the amount approximately of these excesses?—I had a note some time since, towards the end of the year, when the cases had been made up, and I think the total charge amounted to about 3*s.* 6*d.* a year; the total disallowances on pensions of the kind. (Mr. Ryan.) That is on one pension, of course; 87*l.* was the amount disallowed on the part that was first examined; it was a test examination of only a portion.

*Chairman.*

1582. The test examination was an examination of about one-fourth of the whole pensions?—Yes.

1583. And on that one-fourth you found an annual overcharge of 87*l.*?—Yes. (Mr. Knox.) Is that on already admitted overcharges? (Mr. Ryan.) Yes. (Mr. Knox.) General Hutt is here, and as the allotment of these pensions is under his charge, it may be that he is able to give fuller information upon the point than I am; but I had a note from that Department towards the end of last year, and it certainly represented a very small sum indeed. I should, however, have said 3*s.* 6*d.* a day, not 3*s.* 6*d.* a year, which is, of course, about 60*l.* a year. (Mr. Ryan.) With regard to that same point, it appears, from the further examination which we made of the same Vote in the present year, that there is an overcharge of 74*l.* in addition to the 87*l.*

1584. Have you now altogether examined about

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[Continued.]

## ARMY APPROPRIATION ACCOUNT—continued.

## Vote 23.—Out Pensions—continued.

*Chairman*—continued.

about half of the pensions?—About half. (Mr. Knox.) That is to say, on 84,000 pensions, 42,000 being examined, it is found that there is an overcharge, accumulating over a period of 16 or 17 years, of 150 l. a year on a charge of about one million and three-quarters per annum.

*Mr. Jackson.*

1585. With regard to those Indian Regulations, did I correctly understand you that the reason for these increases was in consequence of an improvement of the position by a subsequent Warrant after the choice had been made?—Yes.

*Sir Walter Barttelot.*

1586. Has it ever been considered whether, when an officer or a man has served in the civil service for some time, perhaps, a considerable number of years in India, he should have the option of returning to military service, or of being transferred to the civil service?—Officers are not allowed to remain for any indefinite length of time in the civil service.

1587. But they do; what is the time for which they are allowed to remain?—Five years is the ordinary limit, and under special circumstances 10 years.

1588. It happens that some remain a great deal longer, does it not?—No, unless you are alluding to the employment of the Royal Engineers under the Indian Government.

1589. I am alluding to the employment of officers who have never been with the army for a considerable number of years, and then from their position and rank are called upon to take commands or otherwise after they have been employed in the civil service for some considerable time?—I do not know of any cases unless you allude to the Royal Engineers in India.

1590. It might have been the Royal Engineers; I do not think it was; but you know nothing about it, you say?—It is not the practice of the service to allow an officer to be away on civil duty for more than a limited period.

1591. Are you aware that they are away more than five years?—No, I am not.

1592. Not more than five years?—No.

1593. Not in any case?—No; Engineer officers were formerly allowed to be away for 10 years.

1594. Without going near their regiment?—Yes.

1595. Or, if a General Officer, without having any command?—I cannot recall a case of a General Officer being in such a position.

1596. Then, with regard to the men, how long do you allow men to remain away from military duties?—I know very few cases indeed in which men are allowed to do so; they are allowed to take colonial appointments of a quasi or almost wholly military character, but I do not think we have any men employed in civil departments.

1597. You said just now that there were men

## ARMY APPROPRIATION ACCOUNT—continued.

## Vote 23.—Out Pensions—continued.

*Sir Walter Barttelot*—continued.

employed in the civil service, and that their pensions were allowed to count, and they were allowed to have allowances for service as if they were in military service?—That was in India, where the military and civil services are very much mixed up. In India a certain number of such duties are interchangeable, and it is the case that many of the departments there, both civil and military, have a great number of military people attached to them; but the Indian service is of a very peculiar character, and is not regarded as practically coming within the ordinary rules of civil employment.

1598. So far as you have heard, do you think it aids the efficiency of the service that these exchanges should take place?—That is hardly a point upon which I can give an opinion.

1599. I think you said that when a man left the army, either if he had been discharged or had purchased his discharge, or in any other way, on re-enlistment, if he did re-enlist, the Secretary of State for War altered the Warrant in certain cases, and allowed him to count that first portion of his service in the army; was not that so?—That, of course, affects cases which occurred 16 years ago; that is a point which we are discussing now; that is not the present rules; all these are old cases, mere history.

1600. If anything of the sort happened now, should you construe the Warrant of the present day to mean that the Secretary of State for War should have an opportunity of picking out certain men who had served before, and of allowing them to have the benefit of having served before, whereas other men, when the pressure was not great, would not have the same benefit?—The rules under which men are allowed to revert to the service now, are clearly, I think, understood, although we are in a transition state with regard to a certain number of those points; but we have many cases in which men who have left the service a short time have been allowed to come back and return to their former position, especially lately.

1601. Would you do that in every case?—No; it is at the discretion of the Secretary of State.

1602. I want to know whether that is a wise discretion for the Secretary of State to exercise, considering how men take up those things, and how they feel if they are not treated precisely the same as other men?—That is hardly a point I think that I can go into.

*Mr. Arthur O'Connor.*

1603. I suppose you distinguish between different classes of officers in India; and officers of the Indian army are sometimes employed, are they not, for periods longer than five years in diplomatic or other civil services?—We have nothing to do with the Indian army; we are not affected by its regulations.

1604. Are your answers limited to the officers of the British army?—Certainly.

1605. If you will kindly look at page 198, paragraph 52, of the Report of the Comptroller and

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## ARMY APPROPRIATION ACCOUNT—continued.

## Vote 23.—Out Pensions—continued.

Mr. Arthur O'Connor—continued.

and Auditor General, it is there said that "The Secretary of State is empowered to restore the whole, or any part, of a soldier's forfeited service on the condition of 'good, faithful, or gallant service' being rendered subsequently to the forfeiture"; with regard to that, attention is drawn to a letter in the Appendix, at the bottom of page 214, which is as follows: "The Comptroller and Auditor General has had under his consideration the reply to Query 237, Army Vote 23, 1884-85, and I am directed to request you to move the Secretary of State for War to cause further information to be afforded with respect to the restoration of forfeited service, amounting to four years and 298 days, in the case of the soldier mentioned in the query. It appears that the man's character on discharge was marked 'bad,' and that he had been 39 times in the defaulters' sheet." It goes on to say: "The general statement, in the reply to the query, that the Secretary of State, in the exercise of his discretion, decided that the man had rendered such service as justified the restoration of his forfeited service, is not, in the opinion of the Comptroller and Auditor General, sufficient to satisfy him that the provisions of Article 579 III. of the Royal Warrant of 1884 have been complied with, and that Army Vote 23 is justly charged with the cost of the man's pension." Have you any observations to make upon that comment of the Comptroller and Auditor General?—What happened was this. Under the new arrangement as regards the service of a soldier, it was decided that every man should be brought forward for pension when he had completed 21 years' service from the date of his enlistment; that was not the rule before; a man was only entitled to a pension when he had put in what was called 21 years' service, which would count towards pension. It is a technical point, which has been very difficult for many people to understand. The working of the old rule was this, that if a man had forfeited, by reason of offences of various kinds, a certain amount of service, his service was prolonged in order to complete the 21 years that entitled him to pension; so that if a man had forfeited five years, that necessitated his being kept till he had put in 26 years, before he could be discharged with any pension. Under those rules a man had always an opportunity to serve for the period which at that time the Secretary of State regarded as necessary to enable the man to earn the restoration of the service which he had forfeited. However, these old soldiers were condemned; it was thought necessary that they should be got rid of out of the army, and the Secretary of State deprived them of this opportunity of serving on, and said that having served 21 years' service, they must go. The Secretary of State then had to consider cases of men who had forfeited service in this way, and he said practically, "I will not insist upon five years good service in order to earn this restoration in the cases of these men whom I am compelling to go now; I will restore

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## ARMY APPROPRIATION ACCOUNT—continued.

## Vote 23.—Out Pensions—continued.

Mr. Arthur O'Connor—continued.

their service so that they may go with some pension."

1606. But that is rather a question of length of service imputed to a man. I understand the objection of the Comptroller and Auditor General to be that it is a condition precedent to giving pension, that the record should state the man's service to have been "good, faithful, or gallant," and in this particular case it was exactly the contrary, being marked "bad"?—No, that was not the case; it is questioning the rule under which forfeited service is restored, and the ruling of the Secretary of State (which was not a matter of warrant) was that a man should give five years' good, faithful, and gallant service in order to gain the restoration of his service; the Secretary of State took away from the man the opportunity of serving this lengthened period of service, and therefore he thought it was right that this man, having given very long service and having been retained as an efficient soldier, should be allowed the restoration of his service after a less period of what was called "good, faithful, or gallant service," than formerly.

1607. That is to say, the Secretary of State considered it within his discretion to impute to a man certain periods of service which were to be held good, faithful, and gallant service, whereas the man's normal service had been bad?—Yes.

1608. (To Mr. Ryan.) Does that meet the objection of the Comptroller and Auditor General?—It seems to me that that answer admits the objection of the Comptroller and Auditor General.

Mr. Jackson.

1609. The objection is, practically, admitted by the subsequent letter, where they decline to give any further explanation?—Precisely.

Chairman.

1610. (To Mr. Hamilton.) Have you any observation to make upon this subject?—The Treasury does not admit the contention of the War Office that pensions granted in error cannot be reduced in future.

1611. I understand you to have expressed that in your letter?—Yes.

## LOSSES IRRECOVERABLE.

Chairman.

1612. (To Mr. Knox.) Have we got yet to the whole amount of loss which will have to be written off as loss irrecoverable, in consequence of the active operations in South Africa?—I think not; there is a claim of something under 90 l., which is still outstanding to be written off.

## LOSSES CONSEQUENT ON FRAUD.

Chairman.

1613. (To Mr. Knox.) The attention of the Committee having been drawn by the Comptroller and Auditor General to the case of an officer,

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[Continued.]

## ARMY APPROPRIATION ACCOUNT—continued

## Losses Consequent on Fraud—continued.

*Chairman*—continued.

officer, who was acting paymaster of the Medical Staff Corps at Singapore, who embezzled 476 *l.* 15 *s.* 6 *d.*, and it is observed that although his disbursements during the quarter ending September 1882 did not exceed 280 *l.*, he had no difficulty in drawing from the paymaster in charge of the army funds at Singapore imprests amounting to 607 *l.* for that quarter; how is it that an officer can draw imprests so much in excess of the disbursements which he is likely to make?—Such a case as this cannot occur again, because the system has been put a stop to. This was a demand made by this man who was an accountant at the time, and was countersigned by his superior officer, the medical officer in charge, as being necessary to meet his disbursements; and the paymaster granted it to him.

1614. Have such alterations been made in the regulations that such a thing cannot occur again?—Yes; the whole system has been altered.

## VALUATION OF ARMY STORES.

*Chairman*.

1615. (To Mr. Knox.) Why has the War Office found it impracticable to comply with the recommendation of the Committee of Public Accounts of last year, that the quantities of the principal stores should be given in the Paper of Valuation of Army Stores, which is to be found at page 184; was not a table similar to that at page 184 given in the Appropriation Accounts of last year, and did not the Public Accounts Committee then recommend that in future the table should show not only the value of each section of store, but also the quantities?—There was a recommendation made that it should be more extended, upon which the Secretary of State has acted with the concurrence of the Treasury; but the Secretary of State has not been directed to make any return of the actual quantities of stores. I cannot say that I have in my recollection the distinct wording of the recommendation of the Committee.

1616. I will call your attention to the actual words of the paragraph of last year's Report: "Your Committee would suggest that the quantities of the principal articles in store should be specified, especially as regards ordnance rifles and other important stores"—The Secretary of State has not thought it necessary to act upon that recommendation; he does not act, I may say, upon the Report of this Committee; he acts upon the instructions which he receives from the Treasury, in consequence of this Report.

1617. (To Mr. Hamilton.) Were no instructions given by the Treasury, and if so, why did not the Treasury instruct the War Office to pay attention to the recommendations of the Public Accounts Committee?—I understood that the War Office had agreed to give a more extended

## ARMY APPROPRIATION ACCOUNT—continued.

## Valuation of Army Stores—continued.

*Chairman*—continued.

classification quite lately. (Mr. Knox.) That has been so; an extended classification has been included here at page 184; it is much more extended than that in the previous account.

1618. But it still shows nothing but money values; no quantities are shown?—I may perhaps draw the attention of the Committee to this book, which is the Vocabulary of the Stores in charge of the War Department; that is the Woolwich Vocabulary. Is it understood to be the wish of the Committee that the numbers of each one of those stores should be made out and furnished to Parliament annually?

1619. Have the War Office yet discovered the cause which have produced the large decrease in the values of stores in reserve between the 31st March 1884 and 31st March 1885?—The main cause, as I think I stated the last time I was here, is the issue of the small arm, the Martini, to the Volunteers; that accounts for over half-a-million of the reduction in the value of the stores in hand. A very large portion of the remainder arises from the fact that large quantities of stores which have been kept on the books for a number of years have been condemned in consequence of a remain of stock that was taken at Woolwich; these stores, which were condemned and sold, have considerably reduced the value given in this account.

Mr. Arthur O'Connor.

1620. Could you say now what those stores were approximately?—I could not.

*Chairman*.

1621. Why is the value of the stores under Sections 1 and 5 of Vote 12 increased this year by the sum of 14,850 *l.* above the value which was placed on the same stores in last year's account?—Which item is that?

1622. It is the item of Sections 1 and 5; that is the allotment of small arms and the ordnance, which are the two most important items in Vote 12. The value stated on the 31st March 1884 last year is less than the value stated in March 1885 in this year's account by the sum of 14,850 *l.*?—It was found, subsequently to this return having been presented, that some errors had been made in calculating out the values of the stores; and therefore in presenting this return this year it was thought right or necessary to make the correction.

Mr. Arthur O'Connor.

1623. Did the Comptroller and Auditor General audit those calculations last year?—No.

*Chairman*.

1624. Neither has he audited them this year?—No.

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ARMY APPROPRIATION ACCOUNT—continued.

EXTERNAL AUDIT OF STORE ACCOUNTS.

*Chairman.*

1625. (To Mr. *Knox*.) Is any progress being made, or likely to be made in the question of an external audit of the army stores?—That I cannot say; it is under the consideration of the Treasury, I believe; they were to take it up as soon as they had this further information before them; but there has been no consultation upon the point.

1626. Is the question, then, in the same condition that it was in when the Public Accounts Committee had the Army Appropriation Accounts under their consideration last year?—No; the Treasury wished to have some further papers and returns before they took up the question; they wished to have the Report upon the Remain to which I have just alluded, and this valuation and other matters, before they give it their further consideration, I understand.

1627. (To Mr. *Hamilton*.) Can you say what progress, if any, has been made in this matter since the last Committee on Public Accounts sat?—If I might be allowed I should like in the first place to say that these remarks of the Comptroller and Auditor General rather imply that there has been some indifference or remissness on the part of the Treasury in what they have done since last year. What the Treasury have been very anxious to avoid is committing themselves to details which would probably involve very large and needless expenditure. They had to proceed step by step very carefully. It will, of course, be evident to the Committee that before an audit can take place there must be a good system of account. There has been from time to time in different places (as, for instance, at Woolwich Arsenal lately) instituted a new system of account, which will pave the way towards an audit. A preliminary inquiry has been going on, and the Treasury now hope to be able almost immediately to have some settled plan of action. Of course it is not very easy for the Treasury to take in hand all at once every big question; but, I think, we hope certainly to be able to report considerable progress before next year. If we had plunged into this matter without a great deal of consideration we might very likely have landed the public in a very considerable charge. I believe that two or three years ago the Audit Office, in undertaking this external audit, would have required a sensible increase of staff; I fancy now that by our waiting and proceeding only by slow degrees this necessity will be obviated, and possibly this external audit may be undertaken without any increase of staff at the present moment. What I wanted to make clear to the Committee was that the Treasury have been alive to the necessity and expediency of carrying out the principle; but that they do not wish to commit themselves in a hurry to details for fear of landing the public in unnecessary expenditure.

1628. Do I correctly understand you to say that in your opinion the Audit Department can undertake the audit of such an immense mass of detail as that existing in the Store Departments

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ARMY APPROPRIATION ACCOUNT—continued.

External Audit of Store Accounts—continued.

*Chairman*—continued.

of the Army and Navy without additional assistance?—What I refer to is a test audit.

1629. Is an audit of very much value unless it is perfect?—I think a test audit is.

1630. What do you mean by a test audit?—Taking a part of the account, and seeing whether it is correct or not.

1631. (To Mr. *Ryan*.) Is that the kind of audit which was contemplated?—I do not think I can describe the kind of audit contemplated better than it is described in the paragraph before you, which shows what in the view of the Comptroller and Auditor General the audit should be.

1632. But I do not gather from this paragraph that it is the same kind of audit which Mr. Hamilton speaks of as a test audit, but a thorough audit?—Not necessarily an audit in detail of all items, certainly not.

1633. (To Mr. *Knox*.) Reading the whole of the paragraph together it looks to me as if it were intended to be an audit in detail?—I may say, with reference to this, that the Secretary of State will not lightly accept the principle of the external audit; I know there are those who think very strongly that it will lead to nothing but waste of time and sacrifices of the efficiency of the service in many ways. I have my own opinions upon the question, but I do not know that they are worth much.

*Sir Walter Barttelot.*

1634. Has it been carefully considered at the War Office whether the quantities of army stores cannot be given?—I cannot say that, as some consideration has been given to the subject certainly, and I think it was concluded that it would be highly unadvisable and extremely costly to make any return of the quantities in this book which I laid before the Committee.

1635. I think a little while ago you stated that it was left to the Treasury, but I cannot see what the Treasury has got to do with the quantities of stores?—What I wanted to point out was this, we do not act upon the recommendations of this Committee directly; the Treasury gives instructions with regard to any recommendations which the Committee may make.

1636. But this was a particular recommendation made by the Committee for the information of the War Office specially, that the War Office should consider whether, in the interest of the country, they would not give the quantities of stores in stock?—So far as the War Office has formed an opinion they declined to give that information.

1637. The great object that the Committee had in view was, that any Government should not tamper with those stores at the expense of the country, and that the stores should be kept up at the same uniform rate?—It was thought that all that was wanted in that respect was given by furnishing this Return on page 184, which I may mention cost us 1,000*l.* a-year to produce.

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1638. Then

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[Continued.]

## ARMY APPROPRIATION ACCOUNT—continued.

## External Audit of Store Accounts—continued.

Sir *Walter Barttelot*—continued.

1638. Then if you could produce that Return, which cost you 1,000*l.* to produce, you could not give the values unless you knew the quantities?—Certainly.

1639. Therefore the question of quantities is simply for the consideration of War Office, and not with regard to any cost?—Certainly it would be so.

1640. As a matter of fact you put down any item you like to name; take the Ordnance?—This book contains the names of all the stores.

1641. That is not quite the point we want to know; we want to know how many stand of arms we have got in the Armoury?—Then I should advise that a Return be moved for.

1642. Then, in fact, the War Office decline to give it?—Yes.

Mr. *Magniac*.

1643. I thought you said just now that you take your directions from the Treasury as to what you do?—Yes.

1644. Then we understood from Mr. Hamilton that the Treasury had directed you to do this?—No, they have not; they have suggested that we should give a more extended classification than the form of Return furnished last year; this has been done on page 184.

Mr. *Seely*.

1645. In some of these accounts the value shows the quantity, because it is all of the same character. For instance, the small-arm ammunition is all of the same value, and giving the value, 266,000*l.*, gives the quantity, and there would be no difficulty or advantage in the War Office giving it; but when you come to such things as camp and field equipment, I presume that it would be an enormously extensive list which it is practically impossible to give?—There is nothing impossible in that way.

1646. But I mean you would give no real information where an item includes an immense number of small articles of very various values?—Certainly.

1647. When you come to such items as small arms, rifles, carbines, there the value does give the quantities without the quantities being given, and there is no particular advantage or difficulty in it?—That is the view held; and it is for that reason that these have been sub-divided into the heads here stated to give a more definite idea whether the store is going up or down.

1648. But this account, giving the value where possibly be an advantage, does so already; but where it does not do that, and where there are a large number of small articles put under the same head, it would be exceedingly difficult, and not of much value?—Yes.

Mr. *Arthur O'Connor*.

1649. This book, the Woolwich Vocabulary, is not really a vocabulary, but merely a list of

## ARMY APPROPRIATION ACCOUNT—continued.

## External Audit of Store Accounts—continued.

Mr. *Arthur O'Connor*—continued.

prices?—It is a list of stores, with the prices of them.

1650. Not a list of stores, is it, but a list of names?—No, a list of stores; every article on the left-hand page is a store.

1651. Armourers, braziers, price 4*s.* 11*d.*; that is no list?—It is a list of stores.

Chairman.

1652. I understand that you show that book to us to show us what an enormous number of items the stores consist of?—Yes.

Mr. *Arthur O'Connor*.

1653. But this is no more a list of stores than a tradesman's price list would be a return of his stocktaking?—No.

Chairman.

1654. It is an enumeration of the different kinds of stores that are there?—Yes.

Mr. *Arthur O'Connor*.

1655. (To Mr. *Hamilton*.) Before you gave the answer just now to the Chairman, did you bear in mind the evidence which we have had from the representative of the Treasury last year and the year before on this question?—I am not aware of the particular evidence to which the honourable Member refers.

1656. Are you aware that you are simply echoing or repeating precisely the same things as were said by Sir *Reginald Welby*, as to the good intentions of the Treasury in the matter, but their unreadiness to do anything in particular?—I was not aware of that certainly; it is the first time I have looked into the matter myself; I was not aware of what had been said before. The Treasury would not admit that they have been passive in the matter.

1657. Have the Treasury borne in mind the evidence which was given before this Committee last year to the effect that the return then put in was the Valuation Return, but that it was founded on the Quantity Return?—I am afraid I was not aware of that fact.

1658. Have you observed what is pointed out by the Comptroller and Auditor General on page 199, that the stores under Vote 11 show a reduction in the year 1884–85 of no less than 194,000*l.*?—Yes.

1659. And that the stores under Vote 12 show a reduction of no less than 1,120,000*l.*?—Yes.

1660. Is it the opinion of the Treasury that, with such large fluctuations in the amount of stores admittedly on hand in the War Department establishments, it is not necessary that some check should be kept upon them?—Certainly not; the Treasury have always admitted the expediency and value of it over and over again.

1661. Did you hear Mr. *Knox* just now say that the very returns that were made last year, and put in, without having been audited or examined by the Comptroller and Auditor General, were subsequently

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[Continued.]

## ARMY APPROPRIATION ACCOUNT—continued.

## External Audit of Store Accounts—continued.

Mr. Arthur O'Connor—continued.

subsequently found by the War Department itself to be defective?—I can only again repeat that the Treasury agree in thinking a test audit desirable.

1662. Are the Treasury prepared to accept, after the experience they have had, an examination of the returns by the War Department alone?—I do not quite follow the honourable Member.

1663. After what the Treasury has learnt about this question of stores at Woolwich, are they prepared to accept the statements, returns, and calculations of the War Department unchecked by any external authority?—No, I should say not.

1664. Then what does the Treasury propose to do?—The Treasury hope to be able to take the matter in hand, and in communication with the Comptroller and Auditor General to settle the details of what they have already admitted the principle.

1665. What is the objection of the Treasury to direct the War Office to furnish the quantity of stores they have on hand?—It is almost beyond our province to require them to make a return, unless we think that some good end could be attained by it.

1666. Has not Mr. Knox just told us that the War Office takes its instructions in those matters from the Treasury?—As I understood Mr. Knox, it was simply as to instructions upon the Report of this Committee.

1667. Quite so; and what objection has the Treasury on this Report of last year to issue instruction to the War Office to furnish a Quantity Return?—They have no objection, provided they thought the game worth the candle, and that it would not entail a very large expenditure without much advantage.

1668. And in view of these immense fluctuations, amounting to more than one million of money on a single Vote, am I to understand that the Treasury think that the game is not worth the candle?—No, I do not admit that; but I venture to point out that fluctuations in stores have no necessary connection with the accuracy, or otherwise, of the store records.

Mr. Magniac.

1669. What instructions did the Treasury send to the War Office?—All the instructions which the Treasury gave were limited to this, they asked for a more extended classification.

1670. Then why did the Treasury not comply with the recommendation of the Public Accounts Committee, and ask for quantities as well as values?—It was done in the usual way; they referred the recommendation of the Committee to the War Office, and they can hardly give direct instructions to the War Office to take it in hand.

1671. But was this recommendation of the Committee of Public Accounts referred to the War Office with the request to carry it out, or an indication that it was to be carried out?—The Committee have before them the Treasury Minute which dealt with the Report of last year, 0.69.

## ARMY APPROPRIATION ACCOUNT—continued.

## External Audit of Store Accounts—continued.

Mr. Magniac—continued.

and in commenting upon this paragraph, including what the honourable Member now asks, it is stated, "An important preliminary step towards arrangements, which will admit of an independent criticism of the Military Store Accounts, has been taken by the proceedings reported upon by the Committee on Woolwich Remains, a copy of whose report was forwarded to my Lords in your letter of the 6th October, and will form the subject of a separate letter. My Lords will be glad to learn that a more detailed specification of the quantities of the principal articles in store will in future, as recommended by the Public Accounts Committee, be appended to the Appropriation Accounts."

1672. Do you think those words "more detailed specification of the quantities of the principal articles in store," convey the terms of the recommendation of the Committee?—They were thought to do so at the time. Certainly the object of the Treasury was to carry out the wish of the Committee.

1673. (To Mr. Knox.) The representation of the Treasury, or whatever the correct expression may be, is "that a more detailed specification of the quantities of the principal articles in store will in future, as recommended by the Public Accounts Committee, be appended to the Appropriation Accounts." Now, it is the fact, is it not, that there is no specification whatever of the quantities affixed to that?—None whatever.

1674. Then do you consider that that was a compliance with the requisition of the Treasury, as based upon the recommendation of the Public Accounts Committee?—Yes, because it was a recommendation that something more extended than that given in previous years' returns should be presented in future, and that is what was done.

1675. Where do you find that in the Treasury requisition?—It is a more extended return; that must mean more extended than something that already existed.

1676. You must be referring to words which I have not got; my words are "a more detailed specification of quantities"?—That was certainly what was understood from the Treasury letter, because there were no details of quantities given before.

Mr. Ritchie.

1677. Would there be great difficulty in giving detailed specifications of the principal articles?—No; the principal articles might certainly be taken out.

1678. Such as stands of rifles?—It is quite possible, but I think the Secretary of State would object to do so.

1679. As a matter of principle?—Of policy and principle.

1680. Is that on account of the objection to making these things known?—Yes.

1681. Is it not equally made known if you put the values?—Not if put in this general way; at least that is the opinion that is held, that it is not so.

1682. With reference to the existing audit of stores at the War Office, have you a War Office audit

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[Continued.]

## ARMY APPROPRIATION ACCOUNT—continued.

## External Audit of Store Accounts—continued.

Mr. Ritchie—continued.

audit independent of the Store Department?—No, we have not.

1683. You have an Accountant's Department at the War Office, have you not?—Yes.

1684. Do not you audit the Store Accounts from that department?—No.

1685. Do the Store Department audit their own stores?—It is a department of the War Office; not the executive department, but a department of the War Office audits the accounts of the Store Officers.

1686. You do not have an independent officer from the Accountant General's Department to go down and do the audit?—No.

1687. Would it not be more satisfactory if you had an independent audit within your own office?—That is what obtained in former times with regard to some stores, not stores of this character; but in the reconstitution of the War Office in 1870 that was altered, and the Surveyor General's Department, and all the various branches under him, were made responsible for the expenditure and accounting and examination of all the services, both cash and stores.

Mr. Lane.

1688. Considering that in every one of these items you go into the particulars of pounds, shillings, and pence, I presume you have for your own information a detailed specification of all those stores supplied to you?—It exists in the Store Department.

1689. And that is furnished by the caretaker, who is responsible to the department for the custody of those stores?—The totals or balances shown in the store accounts are brought together in the department; there are various men who have charge of stores, and those stores are all totalled and the totals valued.

1690. Then, instead of taking stock of the stores, a return is made from the values in the books of stores in hand?—Yes.

1691. Therefore there is no actual stocktaking from the stores themselves?—Not an annual one; there is a stocktaking going on of all the stores throughout the service, but not an annual one at the stations.

1692. But is there any fixed limit of time at which the stock must be checked over to see whether it agrees with the books?—With regard to the principal stores at Woolwich, there was, as recently alluded to by Mr. Hamilton, a Remain taken a short time ago, practically. This is now constantly going on at Woolwich, which is the chief store.

1693. Is that once a year?—It is going on constantly, but not once a year for each store.

1694. What is the longest time which elapses between the checking of stores in any one department and the previous checking?—Between two and three years.

Mr. Seely.

1695. Do these stores include the stores at fortresses such as Portsmouth, or merely reserve

## ARMY APPROPRIATION ACCOUNT—continued.

## External Audit of Store Accounts—continued.

Mr. Seely—continued.

stores at Woolwich?—Reserve stores in the hands of the storekeeper, not those mounted at the forts.

1696. Does it include the store of ammunition and so on at Portsmouth and Dover?—At Portsmouth it includes those in the hands of the storekeeper, not those in the hands of the troops.

1697. Is there any minimum amount of stores laid down by any Order of the War Office which has always to be in store in any particular fortress?—I cannot say that there is. The Secretary of State from time to time is consulted about this matter, but there is nothing standing.

1698. There is no definite account, with some officer responsible for seeing that it is carried out, showing the minimum amount of stores there should be, for instance, at Portsmouth?—No.

1699. And no man responsible that that fortress should be adequately supplied?—Not with any fixed quantities, the requirements constantly varying.

Mr. Magniac.

1700. I should like to ask why the clothing stock is so much reduced?—That arises from the fact that larger issues were made at that time of the year, towards the close of the year, in connection with the expeditions going on, and they had not been replaced; that is to say the contractors had not made their deliveries within the financial year, but they came in subsequently, and the store in the subsequent year will show an increase.

1701. Were the contractors behind their time in delivery?—No; I think they received the orders late, and they were not in a position to deliver in a great number of cases; they may have been behind their time in some.

1702. Is that reduction of 600,000 £. a very unusual amount?—We have only had two years' experience with regard to this return, and therefore I cannot state what the usual amount would be.

1703. Can you say with regard to the obsolete stores sold what they fetched?—In that year the amount of proceeds of sale amounted to 98,737 £. 13 s.

1704. But you stated that the cause of a very large reduction in the store account on these Votes 11 and 12, and I suppose that particularly alluded to Vote 12, which is 1,100,000 £., was due to the sale of obsolete stores?—Yes, of old stores; I said that more than half a million was accounted for by the issue of rifles, and a large portion of the remainder was due to the sale of condemned stores.

1705. That balance would be 650,000 £. in round numbers, but you have only accounted for 98,000 £.?—This was actual cash received for the old stores condemned and sold, not the full value of the stores when sold.

1706. The valuation of stores sold was 650,000 £., which is the deficit on the account; have you any idea what the real value of those stores was?—Of course they vary very much; but I asked the question the other day as to the sales of an old iron gun sold simply as old iron, and I was told

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Mr. HAMILTON, C.B., Mr. RYAN, C.B., and Mr. KNOX, C.B.

[Continued.]

## ARMY APPROPRIATION ACCOUNT—continued.

## External Audit of State Accounts—continued.

Mr. Magniac—continued.

told that they might get perhaps the twelfth part of its value as old iron.

1707. My object in asking the question is this; you have got an amount of 12,000,000 *l.* here, and you have got a deficit of 650,000 *l.*, which is accounted for by the sale of old stores. I want to know whether they fetched anything like that amount; if they did not it would show that this 12,000,000 *l.* is a fictitious value?—It is a fictitious value in this sense, that it represents the full price of the store, the cost price, or rather the Vocabulary price.

1708. Then the 12,000,400 *l.* may have no relation whatever to the value of the store, and therefore will give no indication of the quantity?—Yes, it will, because it is taken at the full price of the article; it is the only kind of valuation that could give any kind of idea of the quantity.

1709. Have you any reason to suppose that there is another 650,000 *l.*, or anything like it, in the amount that remains?—I think normally the sale of old stores realises about 2,000 *l.* a month; that is from 20,000 *l.* to 25,000 *l.* a year; and that roughly, I think, may be taken to represent about one-tenth to one-twelfth part of the cost of the stores.

1710. That is 250,000 *l.*?—Yes, I am only giving a rough idea.

1711. Have you any reason to believe that there may be a large amount in the valuation which represents merely the obsolete stores?—I do not think so; there has been so large an overhauling at principal reserve places recently, and at other places also, that I think the quantity of old stores to be condemned would be nothing more than the normal quantity worn out annually.

Mr. Ritchie.

1712. (To Mr. Ryan.) With regard to questions that have been asked as to the stores which ought to be condemned and sold, you would not, I imagine, propose by the system of audit which you suggest, that you could in any way point out to the War Office that they have got certain stores in hand which ought to be condemned and sold?—That would not be part of the audit.

Mr. Arthur O'Connor.

1713. (To Mr. Hamilton.) What estimate does the Treasury make of the expense that would be involved in checking the book balances with the

## ARMY APPROPRIATION ACCOUNT—continued.

## External Audit of State Accounts—continued.

Mr. Arthur O'Connor—continued.

actual stocks in hand in charge of the store-keeper?—I am not aware of any estimate of expenditure having been formed.

1714. You have heard that the book balances are never checked by any outside authority?—Yes.

1715. They may be purely fictitious for aught you know?—I can hardly conceive that it could be so; because it is not the fact, which the question apparently assumes, that there is necessarily no efficient check exercised within the departments.

## EXPENDITURE, 1884–85.

Chairman.

1716. (To Mr. Ryan.) Are you able to give the Committee the table which ought to appear instead of paragraph 63 of the Report of the Comptroller and Auditor General, with respect to the amended disallowances?—I will hand it in. (*The Table was handed in, and is as follows:—*)

## AMENDED STATEMENTS OF RECEIPTS AND EXPENDITURE.

	£.	s.	d.
EXPENDITURE as in Report - - -	20,607,297	16	9
Disallowances removed, Vouchers having been received in May 1886:			
Para. 15 - - -	40	1	10
" 20 - - -	1,135	1	11
" 23 - - -	5,236	10	-
	6,420	13	9
Expenditure as now admitted - - £.	20,613,718	10	6
GRANTS, including Appropriations in Aid -	21,174,350	17	-
EXPENDITURE - - - - -	20,613,718	10	6
Surplus to be surrendered - - £.	560,632	6	6
Alterations in Account that remain:			
Para. 14, added to Expenditure - £.	282	-	-
Disallowances of Expenditure:			
Para 20, Query 617 - - -	682	17	8
" 23 " 599 and 609 - - -	9	9	3
" 28 - - - - -	23	6	-
£.	715	12	11

1717. Do you make the surplus now to be surrendered 560,632 *l.* 6 *s.* 6 *d.*?—Yes.

## MILITARY FORCES LOCALIZATION.

No questions were asked upon this Account.

[Mr. Knox withdrew.]

[The following additional statement has been communicated in writing to the Public Accounts Committee by Mr. Knox:—

1. The Treasury and Audit Office have practically admitted the impropriety of reviewing pensions granted with full authority many years ago, by approving a special plan for examining the charge for pensions as they are sanctioned, and thus avoiding the excessive hardships of altering a pension when once allowed.

2. The cases of pensions allowed by the Secretary of State on his interpretation do not occur now, because, since the operation of the new audit has been ascertained, he now makes special application to the Treasury for the issue of all pensions which the letter of the Warrant does not cover; the Treasury having been empowered by another Warrant to sanction the issue of pensions of that kind.]

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Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[Continued.]

## CHELSEA HOSPITAL.

Major General GEORGE HUTT, C.B., called in; and Examined.

Mr. Arthur O'Connor.

1718. THE 2nd of Will. 4, c. 53, empowers the Commissioners of Chelsea Hospital, does it not, to appropriate to the general services and expenses of the Hospital such sums as they may think expedient and proper out of unclaimed and forfeited prize money?—It does so to the Hospital or anything appertaining thereunto.

1719. And the balance in respect of army prize money, as shown in the account of March 1885, amounted to the sum of 76,000 *l.* in Consols?—I believe that is right.

1720. And the Commissioners have granted an allowance of 100 *l.* a year to a chaplain?—They have done so.

1721. Do you consider that the chaplain, being an officer who already receives an allowance out of the estates, it is within the discretion of the Commissioners to give him a further sum without having brought the fact to the notice of Parliament when the Vote was taken?—Which chaplain do you mean; 100 *l.* was given to a Roman Catholic chaplain; do you refer to that?

1722. Yes; the Roman Catholic chaplain is assigned an allowance of 30 *l.* a year in the Estimates?—It was done so for this reason: the Commissioners considered the matter very carefully; they considered that they were acting strictly within the limits of the authority with which they were clothed. The spiritual wants of Roman Catholics had been frequently brought to their notice before, and after a long correspondence with the War Office, it was agreed, with the perfect knowledge, approval, and concurrence of the War Office, that this arrangement should be made. The number of Roman Catholic pensioners has very much increased of late years, and their age has also very much increased, which throws a very considerable amount of labour, in administering to their spiritual wants, on the priest who has charge of them.

1723. Is it your contention that the position of the Commissioners is that they are at liberty to use this prize money to supplement the Votes of Parliament?—The Commissioners considered the thing very carefully; it was very much discussed with the War Office, and they considered that on all sides it was perfectly within the authority with which they were clothed. I would also beg permission to remark that inasmuch as the duties have of late very much increased on the chaplains, for the last eight or nine years it has been felt absolutely necessary to make some little allowance for assistance to the chaplains of the Church of England. And that has never been questioned in any way whatever; it has been on the accounts for the last eight or nine years, and has never been questioned. When the spiritual wants of the Roman Catholics came to be considered, it was first of all proposed to erect a chapel; there were great difficulties in the way of erecting a chapel, because there was no proper place for it, and the

Mr. Arthur O'Connor—continued.

expenses would have been very much greater; and after much consultation and debate with the War Office, the result was as you see. It was considered the most economical, the most efficient, and the most appropriate mode of administering to the spiritual wants of the Roman Catholics.

1724. I do not for a moment object to a chaplain getting a larger allowance; I should be the last person in the world to do so; but what I want to understand clearly is, whether the Commissioners of Chelsea Hospital, instead of appropriating these balances to general services and expenses connected with the Hospital which are not defrayed, or intended to be defrayed, out of the Votes of Parliament, say that they will supplement a payment for a particular service which is already made out of the Vote?—There is no Vote of Parliament to be supplemented in this case. I can only repeat what I have already said, that the thing has been going on for years, after having been long debated and considered, and very carefully considered. In full concert with the War Office they came to the conclusion that that was the simplest, most economical, and best method of administering to the wants of these Roman Catholic in-pensioners; they considered it perfectly consonant with the powers with which they were clothed, and consonant also with the practice observed in other respects for many years.

1725. And they could equally well have appropriated it to any other service in their discretion?—Within the meaning of the statute to the wants of the Chelsea Hospital or anything appertaining thereto.

1726. Whether there had been a Vote of Parliament to that service or not?—No allusion is made to that. Speaking from memory the wording of the statute is to that effect.

1727. How much prize money is there distributed annually?—It varies very much. Of course the main bulk of the prize money has long since been distributed, and the Commissioners are protected by the Statute of Limitation of six years; but where good and reasonable ground is shown they never avail themselves of that statute.

1728. Last year, as I gather from this Report, 29 *l.* 19 *s.* 9 *d.* was distributed?—Very likely.

1729. And of course there were allowances to the extent of 200 *l.*?—One thing might be clearly understood. Although the claims made were only admitted to that amount, hundreds of claims are made, and the knowledge and care which have to be given to the requests, in order to protect the Hospital, are very great indeed; scarcely a day passes that I do not get applications, all of which have to be investigated carefully, and inquired into, and referred to our records before they can be answered.

[General Hutt withdrew.]

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Mr. HAMILTON, C.B., and Mr. RYAN, C.B.

[ *Continued.* ]

## NAVY APPROPRIATION ACCOUNT, 1884-85.

Sir GERALD FITZGERALD, K.C.M.G., called in; and Examined.

## On VOTE 1.

## WAGES, &amp;c., TO SEAMEN AND MARINES.

*Chairman.*

1730. (To Sir Gerald FitzGerald.) HAVE you any observations to make upon the Report of the Comptroller and Auditor General on Vote 1, in which he calls the attention of the Committee to a case in which an officer was promoted, and received the full pay of the rank to which he was promoted, although he still remained discharging the duties of a lower rank in the office which he had held prior to promotion?—The case referred to is that of an officer who, while serving as a sub-lieutenant on the China Station, was promoted to the rank of lieutenant; but, owing to circumstances beyond his own control, was not immediately relieved, and a period of seven months elapsed before he returned to England. While waiting to be relieved this officer was appointed to sit on a court martial as a lieutenant, a duty attached to an officer of that rank. The Board of Admiralty held that, in view of the length of time he was detained pending relief (seven months), and of the duties he was called upon to perform, the case was a special one, and directed payment to him of his full pay as lieutenant for the period in question.

1731. He did not actually hold an acting appointment?—No.

1732. But you say that during the period he discharged, in fact, the duties of a higher grade?—Yes.

1733. Do you contend then that the action of the Admiralty was in accordance with the Article 1261, which defines an acting appointment?—No. This case has been regarded as an exceptional and special case; but should any other similar case arise Treasury sanction will be asked for a special grant of pay, under Order in Council of the 19th December 1881, to be included in the statement annually submitted to Parliament.

1734. Then do I correctly understand that, although the Admiralty are not prepared to admit that they did wrong in this particular case, they will never do it again?—No. The Order in Council of the 19th of December 1881 authorises the Lords of the Admiralty to grant exceptional pay in special cases with the concurrence of the Treasury.

1735. (To Mr. Ryan.) Have you anything more to say upon this head?—I should think it is very doubtful whether it came within the provisions of special payment referred to in the Order in Council; but I understand that the present payment is merely defended on the ground of its being a special case which is not likely to recur.

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## On VOTE 2.

## VICTUALS AND CLOTHING FOR SEAMEN AND MARINES.

*Chairman.*

1736. (To Sir Gerald FitzGerald.) The Comptroller and Auditor General calls the attention of the Committee, in paragraph 9 of his Report, to the case of a purchase of rum, the payments for which are charged not to the account for the present year, but to the account of the succeeding year; when was that rum actually taken on charge by the Admiralty?—(On the 22nd April 1886.

1737. Then were not the dock warrants in the possession of the agents of the Admiralty within the financial year 1884-85?—No.

1738. Is it not the fact that the dock warrants were in the possession of the brokers, through whom the rum was purchased, on the 24th of March?—Yes; but they were handed over to the lighterage contractors to transport the rum to Deptford, and therefore the Admiralty had not possession of the dock warrants until April, which brought the payment into the following financial year. The imprest advance given in 1884-85 was made a final payment in the subsequent year.

1739. Then do you not consider that the Admiralty would have possession of this rum when the dock warrants were in the hands of their agents?—Not in this case. When warrants are handed over to the Admiralty officer at Deptford, he charges himself forthwith in his accounts with the value of these warrants; but in this case the warrants were handed to a lighterman to enable him to draw the rum from the docks, and to take it to Deptford.

*Mr. Ritchie.*

1740. The money was actually paid in March, was it not?—The imprest advance was given to the brokers, who presented an account showing the terms on which the rum could be purchased.

1741. Supposing the rum had been lost in the lighter or barge, to whose account would it have been lost?—I should think the lighterman, who is answerable for delivery, insures the goods on his own behalf; he is held responsible for any loss or damage by the conditions of his contract.

*Chairman.*

1742. (To Mr. Ryan.) Have you any observations to make upon this?—No.

1743. (To Mr. Hamilton.) Have you anything to say?—No.

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1744. To

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Mr. HAMILTON, C.B., Mr. RYAN, C.B., and  
Sir G. FITZGERALD, K.C.M.G.

[Continued.]

## NAVY APPROPRIATION ACCOUNT—continued. NAVY APPROPRIATION ACCOUNT—continued.

## On VOTES 2 and 10.

## STOCK VALUATION RETURNS.

*Chairman.*

1744. (To Sir Gerald FitzGerald.) With regard to the Valuation Returns on Vote 2 and on Vote 10, is it a fact that, as shown on the accounts at page 17, there was less clothing issued during the financial year on repayment than had been anticipated?—Yes.

1745. Is it also a fact that although a sum of 24,550 l. was taken in the Supplementary Estimates for Military Operations in Egypt, there was a sum of only 12,752 l. 0 s. 3 d. spent?—Yes. It was not found possible so to earmark issues of stores, so as to decide in most cases whether or no they belonged to the Supplementary Estimate.

1746. Then when less clothing than was anticipated was issued on repayment, and when the Vote obtained an advantage by a greater provision being made for the Egyptian Expedition than was afterwards required, how comes it that the stock in hand should be diminished during the year by the large amount of 114,688 l.?—The depletion was fully anticipated when the Estimates of the year were framed, and represents a well-considered reduction of stocks which were in excess of requirements.

1747. Then I understand that when the Estimates were framed it was intended that there should be a reduction of stock during the year?—A depletion of stock.

1748. Is that the explanation which you would give also in the case of a reduction of the stores in Vote 10; that, when the Estimates were framed, it was contemplated that there would be a depletion of stores, and that that was estimated for?—Yes.

## On VOTE 3.

## ADMIRALTY OFFICE.

## SALARIES OF THE GUN MOUNTING STAFF.

*Chairman.*

1749. (To Sir Gerald FitzGerald.) It appears that in Vote 3 there is a salary charge for a second-class engineer in the Gun-mounting Staff of the Controller's Department, and that the person appointed to this office does not hold a Civil Service certificate; how do you account for that omission?—The omission to obtain a certificate from the Civil Service Commissioners was owing to a misapprehension of the terms on which this officer was appointed. The objection of the Comptroller and Auditor General has been met by the inclusion of this appointment in Schedule B. of the Order in Council of the 4th of June 1870 by direction of the Treasury.

1750. (To Mr. Ryan.) Is that now complied with, and may that disallowance now be cancelled?—It has not been disallowed; it has only been reported.

## On VOTE 6.

## DOCKYARDS AND NAVAL YARDS AT HOME AND ABROAD.

*Chairman.*

1751. (To Sir Gerald FitzGerald.) Have any steps been taken yet to obtain certificates for the shipwrights who have been appointed third-class assistant constructors?—The Treasury have concurred in the proposal that the provisions of Clause 7 of the Order in Council of 4th June 1870 should be made applicable to those officers.

1752. Have the certificates actually been granted the Civil Service Commissioners?—The Treasury has directed the insertion in the "London Gazette" of a notice withdrawing the officers referred to from Schedule A. of the Order in Council.

1753. Has that the effect of dispensing with the certificate altogether?—The Commissioners will be asked to grant the usual certificate in such cases.

1754. (To Mr. Ryan.) Is that so?—We are not aware of the facts of the case.

1755. (To Sir Gerald FitzGerald.) Have not those facts been communicated to the Comptroller and Auditor General?—We have a letter from the Treasury of the 26th of April 1886, which says: "The Lords Commissioners of Her Majesty's Treasury desire me to state, for the information of the Lords Commissioners of the Admiralty, that, in accordance with the request contained in your letter of the instant, C.574, they have directed the insertion in the "London Gazette" of the following notice: 'The Lords Commissioners of the Admiralty, with the concurrence of the Lords Commissioners of Her Majesty's Treasury, hereby give notice that the undermentioned office is withdrawn from Schedule A. of the Order in Council of 4th June 1870, viz., Assistant Constructor of the Third Class.' My Lords also concur in the proposal that the provisions of Clause 7 of the Order in Council should be made applicable to Assistant Constructorships of the Third Class." (Mr. Ryan.) We have not been furnished with a copy of that letter; but in any case the certificate must be given under Clause 7.

1756. (To Sir Gerald FitzGerald.) The certificates become then a matter of formality, but they must be given?—Yes; and they will be applied for.

1757. And they will in due course be given?—I presume so.

1758. (To Mr. Ryan.) Then if they are given, that will of course put an end to that irregularity?—Yes.

## On VOTE 10. Section 1.

## NAVAL STORES.

*Chairman.*

1759. (To Sir Gerald FitzGerald.) The Comptroller and Auditor General calls our attention in paragraph 14 of his Report, to the fact that, notwithstanding

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[Continued.]

NAVY APPROPRIATION ACCOUNT—*continued.*Vote 10. Section 1.—Naval Stores—*continued.**Chairman—continued.*

notwithstanding the Report of the Public Accounts Committee of last year, advising that greater care should be taken to make the competition in cases of sales of old ships a *bonâ fide* one, a very large number of ships have been sold in the course of the present financial year to one and the same firm under private agreement, and that apparently no steps have been taken to invite public competition; the Committee would be glad to hear any explanation which you can give with regard to that?—I am informed that the ships were sold by private contract under the special sanction of the First Lord of the Admiralty, because sales by private contract have been repeatedly found the most advantageous course; and because the only result of advertising up to the present time has been to prove to the firm willing to purchase the ships by private contract, that no others can compete with them, and consequently to depreciate the value of the old ships for sale. Experience has shown that advertising for tenders for the sale of ships has been distinctly disadvantageous to the public interests. In the following year, 1885-6, tenders were called for by advertisement for one lot of ships, and the result was that all the tenders were declined, and more than double the amount of the tenders was obtained by private contract; namely, 40,500 *l.* was obtained by private contract as against 18,940 *l.* tendered in response to public advertisement.

*Mr. Ritchie.*

1760. I understand that the system is that a contract is made with a private firm under a sort of schedule of prices?—They are sold by private sale to them, but not under a contract.

1761. And the tenders which you speak of last year were invited with the view of showing whether the prices which were being obtained from a private firm were the full market prices, and it was found that they were above the prices which could be obtained by tender?—Yes; and as I before mentioned, the tenders called for only showed the private firm that nobody else could compete with them, and consequently that they might offer less in future for breaking up the old ships.

On VOTE 10. Section 2.

MACHINERY AND SHIPS BUILT BY  
CONTRACTS, &c.*Chairman.*

1762. (To Sir Gerald FitzGerald.) The Admiralty this year, I perceive, have given on pages 64 and 65 of the Account a return of the comparison between the expenditure and estimate on machinery for propelling Her Majesty's ships. I wish to call your attention to the reason given for the excess of expenditure in the case of the "*Impérieuse*," which amounts to 14,317 *l.* The

0.69.

NAVY APPROPRIATION ACCOUNT—*continued.*Vote 10. Section 2.—Machinery and Ships  
built by Contract, &c.—*continued.**Chairman—continued.*

statement made was that "It was arranged to spend before the close of 1883-84 about 16,000 *l.* more than the Vote"; I want to ask you how that could be when there was no surplus on the Sub-head A. of the Vote in 1883-84; but, on the contrary, a deficit of 11,710 *l.* 9 *s.* 5 *d.*; how could it have been arranged to spend that increased sum when there was actually a deficit?—The Comptroller and Auditor General has been misled by an omission in the note at page 65 of the Appropriation Account in regard to the excess expenditure for the "*Impérieuse*." The words "the Vote" and "amount voted" should have been "the amount provided in the Estimates for the machinery of the vessel." The heading of the statement shows clearly that the expenditure was for each ship.

1763. Then although there was a deficit on Sub-head A., there was a surplus upon the amount in Sub-head A., which was intended for that particular ship?—That is so.

1764. There is also a statement in the case of the "*Calliope*," which says, "Work not so far advanced in '83-84 as was anticipated." The Comptroller and Auditor General cannot understand how that could have been the case, when the expenditure in 1883-84 exceeded the Estimate by 4,260 *l.*; are you able to explain that to the Committee?—I am informed that the explanation given at page 65 of the Appropriation Account is correct. When the Estimates for 1884-85 for the machinery of this vessel were being prepared (about December 1883), it was assumed that the balance due for the engines would be paid before the 31st March 1884; but owing to the vessel not having been finally tried, a payment of 460 *l.*, due to the contractors, had to be carried over to the following year 1884-85.

1765. I think I understand the observation of the Comptroller and Auditor General to be that in 1883-84 there was a larger expenditure upon the "*Calliope*" than had been estimated for, and that, therefore, he cannot understand how, with regard to the reason for the increased expenditure in 1884-85, it can be stated that in 1883-84 the work was not so far advanced as was anticipated?—The expenses of the "*Calliope*" were not exceeded, so far as I am informed.

1766. (To Mr. Ryan.) Is that what you understand?—The impression under which the Comptroller and Auditor General wrote the paragraph is exactly that which you stated in your question. These observations all relate to the reasons given by the Admiralty, and in accordance with the request of the Public Accounts Committee whenever an explanation given by a department does not commend itself to us as being accurate or sufficiently full, we call the attention of the Committee to it. We do not dispute the statement of the department, but it does not satisfy us.

1767. (To Sir Gerald FitzGerald.) Would it be possible in future accounts to show the comparison

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[Continued.]

NAVY APPROPRIATION ACCOUNT—*continued.*Vote 10. Section 2.—Machinery and Ships  
built by Contract, &c.—*continued.**Chairman—continued.*

parison between the total estimated expenditure upon each ship for machinery, and the total actual expenditure?—A statement giving the particulars required will be furnished in future with the Appropriation Account.

1768. Is it the practice of the Ordnance Department to hand over gun mountings to the Admiralty on completion?—Yes, this is now the practice. It was only quite recently, however, that the Treasury decision was received, enabling the necessary arrangements to be made in the dockyards for storing them; previous to which the Admiralty asked the War Office to take charge of the mountings for them at the gun wharves until the ships were ready to receive them.

1769. Then are the gun mountings now handed over to the Admiralty as soon as payment is made to the War Office?—Yes. The following are the measures which have been taken for this purpose. A detailed account has been kept of all orders given to the War Department. Each mounting has a distinctive number, and reports have been received from all the yards and ships showing where each mounting which has been delivered now is. This information has been entered in a Gun-mounting Register kept for the purpose. Two resident engineer officers have been stationed at Woolwich to look after the mountings which are being made there for the Admiralty, and they report weekly on the progress made with them. An engineer inspector from the Admiralty also visits Woolwich periodically to watch the progress of the work, and to see that the orders are being properly carried out. The mountings as they are completed are issued as soon as possible to the Dockyards, and accounts of receipt are forwarded to the Admiralty, on which the final balances due to the War Office are paid.

ON VOTE 17.

## EXTRA ESTIMATE FOR SERVICES NOT NAVAL.

## POSTPONEMENT OF PAYMENTS.

*Chairman.*

1770. (To Sir Gerald FitzGerald.) Referring to paragraph 20 of the Report of the Comptroller and Auditor General, I want to call your attention to a passage in the Treasury letter of the 30th December 1885, to be found on page 124 of the Accounts, in which it is stated that the immediate cause for the excess in the Navy expenditure of the financial year under consideration "was not the deficit in appropriations in aid, nor unknown expenditure abroad, but the unexpected demands of the War Office for transport at the close of the year; and it would have been better to have postponed payments on this account than to have met them, as has been done, out of moneys not legally applicable to the purpose." Is it the practice of the Admiralty ever to postpone a payment which

NAVY APPROPRIATION ACCOUNT—*continued.*Vote 17.—Extra Estimate for Services not  
Naval, &c.—*continued.**Chairman—continued.*

has accrued due, in order to avoid an excess over the sums provided by Parliament?—The Comptroller and Auditor General has inserted this paragraph in his Report apparently not because any payments were postponed by the Admiralty, but because the Treasury advised, in the letter to which you have referred, that the Admiralty ought to have postponed certain payments rather than have met them, as had been done, out of moneys not legally applicable to the purpose. The Treasury referred to an excess of expenditure over ordinary and Supplementary Grants, amounting to 15,081*l.* 0*s.* 5*d.*, on an expenditure for the Navy, in 1884-85, of over 12,000,000*l.* Considering the widely-scattered channels of expenditure on Navy account in all parts of the world, this excess discovered after the expiration of the year will not be deemed excessive. As to the general question of postponing payments, advisedly that to postpone payment and to throw on the Votes of a subsequent year a claim of which payment is demanded and due, is, in my view, incorrect. A spending department has, I consider, no right to put the claims aside to wait till the Votes for the service of the next financial year are available. The Votes of the succeeding year are given for that year, and they should not be applied to meet charges that properly come in course of payment previous thereto. All departments are agreed that no liabilities ought to be incurred in excess of the funds placed at its disposal by Parliament; that those funds are for the discharge of claims that come in course of payment within the year for which they are granted; and that if the appropriate funds granted by Parliament are exhausted before all claims coming in course for payment have been met, application should be made to the Treasury to appropriate any available savings on other Votes, or failing any such savings, to sanction the presentation of a Supplementary Estimate to Parliament. I consider that all claims should be defrayed as they mature; but if it be not possible to discharge the claims, then the practical result is merely that they fall in course of payment during the succeeding financial year, and are a legitimate charge to its Votes.

1771. (To Mr. Ryan.) Have you any observation to make with regard to this matter?—No.

1772. (To Mr. Hamilton.) Is there anything you would wish to say?—No; the view of the Treasury about postponement of payments has been already placed before the Committee.

1773. We know the view of the Treasury with regard to that?—Quite so.

## FREIGHT OF ARMY STORES.

*Chairman.*

1774. (To Sir Gerald FitzGerald.) Have you anything to say upon paragraph 19 of the Comptroller and Auditor General's Report about the payment

19 May 1886.]

Mr. HAMILTON, C.B., Mr. RYAN., C.B., and  
Sir G. FITZGERALD, K.C.M.G.

[Continued.]

## NAVY APPROPRIATION ACCOUNT—continued.

## Freight of Army Stores—continued.

*Chairman*—continued.

payment of what the Admiralty call "Dead Freight"; have you anything to add to the facts as set out in that paragraph?—The Exchequer and Audit Department appears to admit that the owners of the ship were entitled to be paid for dead freight in this case, and that there was no irregularity in the payment. The pressure put on the Admiralty to forward the boats to Alexandria prevented communication with the shipowners after it was reported by the surveying officers that all the boats could not be taken without important alterations in the ship. The shipowners were prepared to make these alterations by which the 47 boats contracted for would have been taken in their ship had time permitted. The question raised therefore is one of classifications only with reference to the Second Report of the Committee of Public Accounts of 1881, and the Treasury Minute thereon of 24th November 1881. In dealing with this matter the opinion expressed by the Committee and the Treasury Orders were duly considered; but the Admiralty did not regard the payment of what is known as dead freight on a shipment short of the tonnage contracted for as similar to the cases quoted, which were re-sale to the contractors of stores held by them, but no longer required for the public service. The Navy Appropriation Account of 1884-85 (page 36) shows that we comply with the ruling of the Treasury in the case of Losses or Re-sales (*see* also correspondence at pages 112 and 113 of the Appropriation Account). But the contention of the Admiralty on the point raised by the Comptroller and Auditor General is that the dead freight arose not from failure on the part of any of its officers, but from the exigencies of the service, which would not permit of the delay necessary for the alteration of the ship. In the view of the Comptroller and Auditor General all payments for dead freight should be shown under a separate item in the Navy Accounts; whereas such payments have hitherto been regarded as one of the occasional inevitable contingencies of the transport service, and provision is made accordingly in the Transport Regulations for meeting such claims. In all large shipping transactions dead freight is occasionally incurred.

## OUTSTANDING CLAIMS.

*Chairman*.

1775. (To Sir Gerald FitzGerald.) There are outstanding claims against the Indian Government that occurred as long ago as the year 1876; is there any prospect of these very long outstanding claims being adjusted?—I may explain what they are. A Joint Committee of officers of the Admiralty and India Office is now sitting on the question of the subsidy paid by India, and the arrangements for the supply of coals and stores to ships in Indian waters. It was thought de-

0.69.

## NAVY APPROPRIATION ACCOUNT—continued.

## Outstanding Claims—continued.

*Chairman*—continued.

sirable to refer these claims to this Committee with a view to their discussion and settlement; but the India Office representatives do not consider that their functions extend to an examination of these particular claims. The matter would have been settled, and an answer sent to the Exchequer and Audit Department, but for the fact that owing to illness and absence of the members of the Committee the meetings have been obliged to be postponed. A draft report, however, has been prepared, and an early settlement is expected. It is to be observed, in regard to the delay of the Committee in reporting, that the subject embraced the question of the free supply of coals to vessels in the Persian Gulf, and their repairs in the Bombay Dockyard free of charge; and when the matter was looked into it was found necessary to ascertain the average cost of the repairs of the ships, necessitating the examination and analysis of all claims paid since 1870. Information and returns had also to be called for from India, and it was desired to wait for the report of the Committee before finally dealing with the outstanding claims, in order that their settlement might proceed on the lines recommended by the Committee. It will be proposed to the Treasury to admit the disallowance made by India on these claims, and withdraw them. The same answer will apply to the claims for coals.

1776. Has no further progress been made since the Report of the Comptroller and Auditor General in outstanding claims on the Turkish Government?—The Admiralty has, with Treasury consent, agreed to accept the sum of 645*l.* 4*s.* 2*d.* in full discharge of the claim of 711*l.* 8*s.* 8*d.* In respect of this reduced claim a sum of 22*l.* 10*s.* 5*d.* was received through the Foreign Office on the 2nd of April last, and a further sum of 22*l.* 8*s.* 5*d.* on the 17th instant. The amount now due is therefore 600*l.* 5*s.* 4*d.* A letter was addressed to the Foreign Office by the Admiralty on the 16th February last, pressing for payment.

1777. Is it going to be liquidated in that way by monthly instalments?—That seems the only way in which payment can be obtained from the Turkish Government.

1778. Has any further progress been made with regard to the balance of 12,000*l.* due by the Anglo-Maltese Dock Company?—This matter is in the hands of the solicitor. I am informed that proceedings are being taken by the official liquidator to sell the property of the company, and the claim of Her Majesty's Government will be satisfied by him out of the proceeds.

*Mr. Ritchie.*

1779. With regard to the system of audit of the expenditure upon stores, what is the system adopted in the Navy now; the Store Accounts are now audited by the departments responsible at the dockyards but by an officer of your department;

19 May 1886.]

Mr. HAMILTON, C.B., Mr. RYAN, C.B., and  
Sir G. FITZGERALD, K.C.M.G.

[Continued.]

NAVY APPROPRIATION ACCOUNT—continued.

Outstanding Claims—continued.

Mr. Ritchie—continued.

partment; is not that so?—Yes; all Store Accounts undergo a preliminary examination by the Executive Departments, but they are re-examined either wholly or partially by way of test audit by the Accountant General.

1780. That is a modern innovation, is it not?—Yes, within the present year.

1781. Within the last few months?—Yes, since January.

1782. And that is a part of the reorganisation carried on at the Admiralty during the late Administration, is it not?—Yes.

1783. So that now the Store Accounts are not audited by the department itself, but by a different department of the Admiralty, presided over by the Accountant General?—Yes.

Mr. Lane.

1784. Does that mean that the accounts are audited, or that the stores are actually checked by the accounts furnished by an outside officer?—The Executive or Store Departments examine the Store Accounts as soon as received, and the Accountant General reviews these accounts and examines in greater detail a certain percentage of them as a test audit.

1785. With the actual stores on the ground?—Yes. A similar course is pursued with regard to surveys.

Mr. Ritchie.

1786. You gave an answer to me a little while ago with regard to old ships, upon which I should like to put another question, because I think your answer, whether from misunderstanding my question or not, was not strictly accurate. I asked you whether, as a matter of fact, there was not a contract with a firm for the purchase of old ships, and you said no; but from my own knowledge I thought that answer was incorrect, and I think it is so; is there not a contract in this sense: that there is a schedule list of prices with a certain firm, and that when they are asked to take a ship, and a ship is to be sold, that ship has to be taken over by this firm, and the various portions of which the ship is composed valued at contract prices?—Yes; but this may more correctly be termed an agreement to purchase old ships. It is a private sale under certain conditions, and at fixed rates, which are specified in the document of which you speak.

1787. But there is a contract with this firm that whatever old ships the Admiralty call upon them to buy, they have to take at a fixed schedule of prices which have been arranged and contracted for by them?—I believe so; the agreement or contract is entered into by the Contract Department on behalf of the Admiralty.

1788. And the Admiralty now and again invite tenders from outside firms in order to see whether or not that list of prices is the market price or otherwise?—Yes, that is so.

1789. And in the cases you spoke of, it was

NAVY APPROPRIATION ACCOUNT—continued.

Outstanding Claims—continued.

Mr. Ritchie—continued.

found that, with regard to the ships taken over at the contract schedule, the price was considerably higher than could be obtained in the open market?—Yes.

Chairman.

1790. (To Mr. Hamilton.) Is there anything more that you wish to say to the Committee, or have you any papers which you desire to hand in?—I have to hand in certain papers to the Committee. In the first place, I hand in a Treasury Minute on the Transvaal Accounts, and my Report on the account of Sir Theophilus Shepstone (*handing in the same*). In the second place, I have to hand in a Treasury Minute on the Indian Army Pensions Deficiency Act, 1885. The Treasury gave a promise that they would lay further Papers before Parliament, and this may be the most convenient form of presenting them to Parliament. Thirdly, I hand in an extract from the Report of the Treasury Officers of Accounts of 31st October 1883. This includes some of the important considerations which are dealt with in the Report of the Public Accounts Committee of last year, more especially with regard to a store audit by the Comptroller and Auditor General. Lastly, the Committee asked me on a former occasion to obtain some impression with regard to the fees paid to the Attorney General and the Solicitor General in Ireland, and whether any explanation can be given as the causes of variation in the expenses, with regard to which I hand in a statement (*handing in the same*).

1791. I think you have also some remarks to make with regard to the matter of Sandgate Castle?—With regard to that subject, I undertook to ascertain some more particulars, and I find that the original intention was that the railway company was to provide another site, and erect a fort; that in effect it was to be an exchange of land. This fell through, and the original idea of making an exchange of land was given up, the War Office finding that they did not require another fort in the locality; consequently it became merely a pecuniary transaction, and when it became so the Office of Woods, looking at the Act under which they derive their powers, found that they could do nothing else but take credit for the whole of the money themselves.

1792. This money that was returned by the Commissioners of Crown Lands was the purchase money for the site of Sandgate Castle?—Yes; there was no doubt that the question of the erection of another fort was taken into consideration.

1793. Do you mean that there was something more paid than the price of land in consideration of that?—Yes, I think that was stated to be the case.

1794. Then with regard to whatever was the surplus beyond the price of the land, ought not that to have been paid over to the War Office?

—The

19 May 1886.]

Mr. HAMILTON, C.B., Mr. RYAN, C.B., and  
Sir G. FITZGERALD, K.C.M.G.[ *Continued.* ]NAVY APPROPRIATION ACCOUNT—*continued.*Outstanding Claims—*continued.**Chairman—continued.*

—The Office of Woods had no power to do that; the Act requires them to pay whatever they receive over to Capital Account.

1795. Is not that with regard to everything which they receive in respect of the purchase of lands?—It was the land that was sold, in consideration of which they got this 20,000 *l.*

1796. I understand they got some of this money

NAVY APPROPRIATION ACCOUNT—*continued.*Outstanding Claims—*continued.**Chairman—continued.*

not in consideration of the land, but in consideration of the necessity for the erection of another fort; has any counsel's opinion been taken upon the subject?—Not that I am aware of. I may mention that there was another case exactly on all fours with this case; that was the case of the Hull Citadel, on which the opinion of the Law Officers was taken.

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### GREENWICH HOSPITAL.

No questions were asked upon this Account.

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### GREENWICH HOSPITAL AND SCHOOL.

No questions were asked upon this Account.

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[The Witnesses withdrew.]

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# A P P E N D I X .

## Appendix, No. 1.

PAPERS handed in by Mr. Stoneham.

— No. 1. —

The Secretary to the Board of Trade to the Secretary to the Lord Chancellor.

Sir,

Board of Trade, London, 11 February 1885.

I AM directed by the Board of Trade to forward, for the consideration of the Lord Chancellor, the accompanying letter from the Official Receiver at Plymouth, and minute by the Solicitor to the Board of Trade (together with other documents), relative to the course of action pursued in the Bankruptcy Court of East Stonehouse, with reference to the allowance and taxing of costs of bankruptcy proceedings, and I am to ask for an expression of his Lordship's opinion, whether any, and, if so, what steps can be adopted for the purpose of bringing the procedure referred to into conformity with the practice of other courts, and with the spirit of the Bankruptcy Act and rules, with which the Board of Trade believe the action of the East Stonehouse Court to be at variance. In addition to the accompanying bills of costs, the Board of Trade have had a considerable number of other bills brought to their notice, which they believe to be much in excess of the sanctioned scale of charges, but which they are practically prevented from reviewing by the practice of the registrar in giving his special sanction to further costs in connection with such review to an extent which is practically prohibitory.

The Secretary to the Lord Chancellor.

I am, &c.  
(signed) T. H. Farrer.

Enclosure 1, in No. 1.

The Official Receiver in Bankruptcy, Plymouth, to the Inspector General in Bankruptcy.

Office of the Official Receiver in Bankruptcy,  
Plymouth, 22 January 1885.

Dear Sir,

I WISH something could be done with regard to the costs of the debtor's solicitors. Until some definite course is taken, will you consent to my informing the registrar that for the time the items allowed by him in taxation will be paid. There is now a shameful waste of the estates in costs, as orders are being made so as to make all the items recoverable that would otherwise be disallowed on review. Only last week an order was made in *Re Willing*, bankrupts, for the debtor's solicitor to take a commissioner to one of the bankrupts, an invalid, to get the debtor sworn to the statement of affairs. I happened to be at the Court at the time, and protested against such a course, and even offered to pay the fee of 6 s. 8 d. myself if it were disallowed; but the registrar refused, saying he would not consent to my being a sufferer. The order was made, and costs to the extent of 1 l. 14 s. incurred to secure the payment of 6 s. 8 d.

This is simply an instance of what is constantly occurring. I have received a letter from Mr. Hough, inviting me to a conference on the 28th instant. This matter does not relate to Official Receivers, but I should be glad of an opportunity of seeing you as to what can be done, as great discredit is being brought on the working of the Act, and I believe this to be the desire of some of the parties concerned.

Yours, &c.  
(signed) John Greenway,  
Official Receiver.

John Smith, Esq.,  
Inspector General in Bankruptcy.

## Enclosure 2, in No. 1.

## MINUTE by the Solicitor to the Board of Trade.

*Costs in the Court at East Stonehouse (Plymouth).*

The attention of the Board has already been called to the mode in which the registrar of the county court at Plymouth performs his judicial duties in connection with the new Bankruptcy Act. The proceedings which give rise to adverse comments may be classified as follows:—

- (i.) The multiplication of unnecessary orders for costs prior to taxation under a bankruptcy petition.
- (ii.) The making of orders to neutralise the review of taxation by the taxing master of the High Court, under Rule 104; that is to say, orders for the allowance of items such as have been expressly disallowed by him on previous reviews.
- (iii.) Orders allowing the costs of solicitor's journeys from Devonshire to London to attend reviews of taxation, when such attendance is wholly unnecessary, and after notice given to the solicitor that the costs of his attendance, otherwise than by his agent, would be objected to.
- (iv.) Orders upon the application of solicitors who have obtained allocaturs without allowing a reasonable interval to the trustee to obtain a cheque from the Bankruptcy Estates Account.

- (i.) As to the multiplication of unnecessary orders.
- (ii.) Neutralizing orders.
- (iii.) Orders allowing solicitors' journeys.

The practice of the registrar at East Stonehouse in these respects will be sufficiently illustrated by referring to two cases which he has dealt with.

One of them, that of *re W. H. Goodman*, has already been remarked upon by Mr. Smith (the Inspector General), but for the sake of convenience it may be well to recapitulate the main facts of the case.

The receiving order was made on the debtor's own petition, and the costs of the petition were submitted to the registrar at East Stonehouse for taxation. He taxed off the sum of 11*l.* 10*s.* 4*d.* The bill of costs, as taxed, still contained many charges which had been disallowed on reviews in previous cases by the taxing officers of the High Court, and which were technically improper charges. It appeared that no less than five separate applications for orders for costs had been made and granted by the registrar between the 10th and 25th September last, or in little more than a fortnight. The bill was accordingly carried to the taxing master of the High Court for review under Rule 104. He proceeded to disallow the objectionable items, and taxed off a sum of 11*l.* 1*s.* 8*d.*, in addition to the previous disallowance of 11*l.* 10*s.* 4*d.*

There is, unfortunately, a provision in Rule 104, Sub-section 2, that the solicitor whose bill is directed to be reviewed shall have the cost of his appearance thereat allowed to him out of the estate, unless the court otherwise orders; whereas that question is clearly one for the discretion of the taxing master, who has dealt with the bill itself. In the present case the solicitors applied beforehand for an order for such allowance. They had received the usual notice that the costs of their attendance, otherwise than by their agent at the review, would be objected to, and there was no justification or necessity for their attendance in person. The result was that the costs of this separate order were made the subject of another taxation, and were allowed by the registrar to the sum of 10*l.* 10*s.* 6*d.*, and a further separate bill was carried in and taxed by him for the attendance at the review itself. This was allowed at the sum of 17*l.* 7*s.* 4*d.* The question then arose whether it would not be right to review the registrar's taxation of the two last-mentioned bills, but it is clear that the only result of that proceeding would have been either one or two further taxations to obtain the costs of a new order allowing the solicitor's journey to attend the second review of taxation and the costs of the attendance itself, and so on *ad infinitum*. It is obvious that a procedure like this amounts to a practical repeal of Rule 104, because in almost all cases it would happen that the costs allowed, if not encouraged by the registrar, would always more than counterbalance the deductions made on review by the High Court.

In view of these consequences it has, of course, been determined, so far as the court at East Stonehouse is concerned, not to employ the costly procedure of a review, and the registrar pursues his course entirely unfettered.

In another case, that of *re McNeil*, also arising on the debtor's petition, the same abuse of the practice of the court with respect to the multiplication of unnecessary orders was found to have prevailed, and the Board of Trade ordered a review of the taxation. Upon the day appointed the solicitors appeared in person, but the taxing masters, finding upon the file a number of separate orders for the allowance of items, which, but for such orders, they would have held to be distinctly improper and would have disallowed, took time to consider

consider the mode in which the case should be dealt with and adjourned the review of taxation. Upon the adjournment, the solicitors did not again appear in person but instructed their agent, and having regard to the orders for costs on the file by which the taxing masters felt they were bound, the small amount of 4*l.* 5*s.* 8*d.* only could be disallowed. In view of our previous experience of the action of this registrar, I applied to the taxing master on this occasion to make a special memorandum on the bill of costs.

He accordingly endorsed it in the following terms:—

“On review of taxation herein, we find that numerous charges which would otherwise have been disallowed, are covered by special orders of the court on the file. Opinion being requested as to the attendance in person of the country solicitor, we consider his attendance in person unnecessary and attendance by agent sufficient, and that a sum of one guinea and a-half should be allowed for the two attendances.”

It appears that after the completion of the review of taxation, the solicitors applied to the court for an order to allow the costs of their journey to attend the review. Following upon this, they carried in their costs for obtaining that order and the journey allowed thereunder, and these were taxed by the registrar at the sum of 19*l.* 2*s.* 8*d.* The solicitors immediately served upon the solicitors of the trustee a copy of the allocatur for such costs and demanded payment, at the same time declaring their intention to move the court unless the same were paid forthwith. The trustee thereupon wrote to the Board of Trade for instructions, and requested that if there was no other course open a cheque should be enclosed for the amount. The papers were then laid before Mr. Muir Mackenzie for his opinion as to whether an appeal could be lodged, and he advised as follows:—

“If the costs in question are covered by any special order of the registrar, such as covered some of the costs on the previous review, and if such order was obtained without notice to the trustee, it has been obtained irregularly, and an application must at once be made to the registrar to set it aside. If there is no such special order, then the taxation and allowance of these costs can be reviewed under Rule 104, as the previous one was. If a special order was made after notice to the trustee, nothing can be done.”

It having been ascertained that the requisite notice was given to the trustee, a cheque was issued.

(iv.) With regard to the orders made by the court for the immediate enforcement of solicitors' costs without allowing a reasonable interval for obtaining payment out of the Bankruptcy Estates Account, the case of *re John Madocks* is an apt illustration.

On the 15th of October the bill of costs of Messrs. Square, Bridgman & Co., as solicitors for the bankrupt, was taxed and allowed at 23*l.* 17*s.*

On the 21st October a letter was received from the trustee stating that he had received a copy of the allocatur and a request for payment from the solicitors. On the 22nd October a form was sent by the Board of Trade to the trustee, on which to make his application for a cheque for the amount of the allocatur. This form was returned by the trustee on the 18th November, and on the same day an inquiry was addressed to him on the subject of the law costs. The trustee's reply, dated the 25th November, was received on the 26th, and the cheque was sent out on the 27th November, and duly paid to the solicitors. In the meantime, however, they had served upon the trustee a notice of motion for an order for payment, which motion was fixed for hearing on the 17th December. On the 2nd December the solicitors acknowledged the receipt of the cheque, but stated their intention to proceed with their notice of motion.

On the 17th December the motion was heard before the judge himself, who made an order on the trustee for payment out of the estate of the 23*l.* 17*s.*, the amount of the original allocatur, although it had been already paid, and also for the costs of the motion to come out of the estate.

Under the instructions of the Board of Trade, the Official Receiver attended on the hearing of the motion, and strongly urged the judge not to make the order. He submitted that even if there were funds in hand there had been no undue delay, and further that the trustee's accounts would show that only a few days before the cheque was sent there had not been funds in hand to meet the claim in order of priority, under Rule 105. The judge admitted the force of the argument, but held that he must make the order for payment notwithstanding that the money had been already paid, on the ground that the solicitors should have been informed by the trustee of the want of funds. The Official Receiver complained that the Court was being made use of by the solicitors for the purpose of running up costs, and the judge thereupon wished it to be understood that he would not make these orders as a matter of course, but that in this case he felt that some explanation should have been given to the solicitors for delaying the payment of their costs.

The costs of the subsequent order of the 17th December have since been taxed at the sum of 8*l.* 2*s.* 4*d.*

The question was duly considered whether an appeal should not be lodged against that order, but after very careful consideration counsel advised against an appeal, on the ground that it would probably not succeed, and the only result of an unsuccessful appeal would be to saddle the estate with further costs.

The following additional instances of unnecessary orders may also be mentioned, all of which involve considerable cost to the estate:

Orders for the appointment of a shorthand writer.

Orders in reference to the public examination.

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Q 2

Orders

Orders to extend the time for the preparation of the debtor's statement.

Orders for the costs of an application to prove its necessity, whereas the order made upon the application itself suffices for that purpose.

In the circumstances above explained, it is for the Board of Trade to consider whether they should not direct the attention of the Lord Chancellor to the proceedings of the Court at East Stonehouse.

By way of a more general precaution for the future, it might well be provided that no application for a petitioner's costs, to be paid out of the estate, shall be entertained other than costs included in the prescribed scale, without previous notice to the Official Receiver, who shall be entitled to be heard upon such application. And in the case of every order whatsoever, charging costs against any estate, a copy should be sent to the Board of Trade, who should be empowered to appeal against the allowance of such costs, if they think fit.

It might also be provided that no application should be made for extension of time to prepare a debtor's statement until the Official Receiver has been applied to by the debtor, or by any creditor, and has refused to grant an extension. An order to appoint a short-hand writer should be declared unnecessary.

— No. 2. —

The Secretary to the Lord Chancellor to the Secretary to the Board of Trade.

Sir,

House of Lords, 16 March 1885.

I AM directed by the Lord Chancellor to say, with reference to your letter of the 11th ultimo, and the enclosed papers, which are herewith returned, that, upon a careful examination of the Act, and of the rules relating to costs, he is obliged to come to the conclusion that there has been no illegality in the proceedings of the registrar of the county court at East Stonehouse, and that the jurisdiction over registrars appertaining to the Lord Chancellor by law could not be called into operation in this case. But if the Board of Trade desire it, the Lord Chancellor is prepared to send the papers, or such of them as the Board of Trade may suggest, to the judge of the court at East Stonehouse, with an expression of his Lordship's disapproval of the exercise of the duties of taxation by an officer of the court, in such a manner as to create diversities of practice which might be avoided, and to allow items of costs which, on a review, would be struck out, and a request that he will inquire into the matter.

I am, &c.

(signed) *Kenneth Muir Mackenzie.*

The Secretary, Board of Trade.

— No. 3. —

The Secretary to the Board of Trade to the Secretary to the Lord Chancellor.

Sir,

Board of Trade, London, 24 March 1885.

I AM directed by the Board of Trade to acknowledge receipt of your letter of the 16th instant, on the subject of the proceedings of the registrar of the county court at East Stonehouse, in the matter of taxation of costs under the Bankruptcy Act, and intimating that the Lord Chancellor will, if the Board of Trade desire it, send the papers to the judge of the court at East Stonehouse, with an expression of his Lordship's opinion on the subject. The Board of Trade are of opinion that the course suggested by the Lord Chancellor is calculated to produce a beneficial effect, and I am therefore to request that his Lordship would be good enough to submit for the consideration of the county court judge, as proposed, the accompanying papers upon the subject.

I am, &c.

(signed) *T. H. Farrer.*

The Secretary to the Lord Chancellor.

— No. 4. —

The Secretary to the Lord Chancellor to the Secretary to the Board of Trade.

Sir,

House of Lords, 25 March 1885.

WITH reference to your letter of the 24th instant, I am directed by the Lord Chancellor to state that his Lordship has forwarded the accompanying papers to the judge of the county court of East Stonehouse, with the expression of his Lordship's opinion on the subject.

I am, &c.

(signed) *Kenneth Muir Mackenzie.*

The Secretary, Board of Trade.

## Appendix, No. 2.

PAPER handed in by Mr. *Hamilton*.

COPY of TREASURY CIRCULAR to ACCOUNTING DEPARTMENTS of 5th January 1880,  
as to the duty of strictly Limiting the ORDERS for PAYMENTS on account of VOTED  
SERVICES to the SUMS actually Granted by PARLIAMENT.

### EXCESS ON VOTES.

Treasury Chambers, 5 January 1880.

It happens occasionally that moneys provided by Parliament for a given service are exhausted before a fresh grant can be obtained for that service, and in the course of correspondence between this Board and the Paymaster General, a question has arisen as to the measures to be adopted on the occurrence of such a contingency.

Some misapprehension appears to exist upon this subject. My Lords, therefore, avail themselves of this opportunity, in order to move the Heads of the Public Departments to remind the Accounting Officers of their several Votes of the duty which devolves upon them of watching the expenditure under their charge, and of reporting any anticipated exhaustion of the funds provided by Parliament. Otherwise, inconvenience to the public service may arise by a refusal on the part of the Paymaster General to honour orders presented for payment, as happened to one Department of the State in the course of the past Session.

1. No Accounting Officer has authority to draw orders for payment in excess, or in anticipation, of the sum actually granted by Parliament for the service to which the payment relates.

2. The Treasury has no authority to direct, and the Paymaster has no authority to make, payments on account of a supply service for which Parliament has not provided money, or in excess of any sums voted in part of the full proposed grant for such service.

3. An exception to this rule permits the Treasury to make an advance temporarily for Civil Service expenditure out of the limited sum entitled the Civil Contingencies Fund.

4. Army expenditure can only be defrayed out of moneys provided by Parliament for Army Services.

5. Navy expenditure can only be defrayed out of moneys provided by Parliament for Navy Services.

6. Civil and Revenue expenditure, not charged on the Consolidated Fund, can only be defrayed out of moneys provided by Parliament under the special Vote to which such expenditure belongs. The exception described in Rule 3, however, affords a special resource in the case of Civil expenditure.

7. The difference between Army and Navy expenditure on the one hand, and Civil and Revenue expenditure on the other hand, is this: that, in the former case, moneys voted under any one Vote of Army Estimates are applied, temporarily and until the several remaining Votes can be taken, to all *ordinary* Army Services. It is to be added that deficiencies occurring in the course of the year upon one Vote may be met, with Treasury approval, but subject to the subsequent sanction of Parliament, out of surpluses on other Votes. These rules hold good also with regard to Navy expenditure. But, in the case of Civil and Revenue expenditure, moneys granted under one Vote cannot be applied to meet expenditure belonging to other Votes.

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### Appendix, No. 3.

PAPERS handed in by Mr. E. W. Hamilton.

### TREASURY MINUTE.

#### INDIAN ARMY PENSION DEFICIENCY ACT, 1885.

My Lords read the Act 48 & 49 Vict. c. 67, entitled, Indian Army Pension Deficiency Act, 1885. They refer to the papers and correspondence which led to the passing of it, and they read further letters on the same subject; viz. :—

- (1.) From the National Debt Office, dated the 29th June last;
- (2.) From the India Office, dated the 24th June last; and
- (3.) From the War Office, dated the 17th August last.

Before proceeding to give directions in pursuance of the Act now before them, my Lords think it well to restate the circumstances which gave rise to the complications connected with the contributions from India towards the payment of the pensions of Imperial soldiers, and which obliged the late Board to seek special powers from Parliament.

In accordance with a principle of long standing, India is required to pay so much of the British soldier's pension as represents his service in India. In other words, if a soldier has served 20 years, of which 10 years have been spent in India, that country has in general terms to pay half his pension.

This annual liability of India has been discharged in different ways at different times. One system after another has been tried, and being found defective, has been superseded.

1. For many years India's share was a fixed annual sum, that is, between 1823 and 1860-1, India was required to pay 60,000 £. a year as her share of military pensions.
2. This payment having become inadequate, a capitation grant was substituted for a fixed sum, and India paid 3 £. 10 s. per man on the average strength of British regiments serving in India during the year. This amounted to about 220,000 £. a year.
3. In 1870 a change was adopted, whereby India agreed to pay in respect of each soldier having Indian service, pensioned after the change came into operation, the capitalised value of her share of his pension.

Under this arrangement, if a soldier had been granted a pension of 20 £. and had served half his time in India, India paid down the value of the annuity of 10 £., calculated on the probability of the pensioner's life if interest of money is taken at 4 per cent.

India was thus quit of her liability towards the pensioner once and for all, and had the claim of the Imperial Government been paid down at once and invested at 4 per cent., and had the actual charge of the pensioner on any vote for each year been paid into the Exchequer in each year out of the fund thus accumulated, equilibrium would have been established.

But there were flaws in the method itself, and it was not treated in correct fashion.

- (a.) The capitalisation of the pensions involved actuarial calculations which it took many months to make. The delay, of course, meant loss to the Exchequer.
- (b.) The rate of interest taken was too high. The Imperial Government, though it accepted, in 1871, 4 per cent. as the rate of interest, because India averred that she could not obtain the money for less than 4 per cent., cannot, as is well known, invest at that rate; accordingly further loss ensued.

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- (c.) The arrangement had made no provision for pensions granted previously to 1870-1, which became consequently a charge on the British Exchequer.
- (d.) The capitalised sums were, when paid, treated as revenue, and the Imperial Exchequer accordingly received more than the War Office actually expended in the year on Indian pensions, in respect of which it had been paid a sum down. By this mistaken method of proceeding, the finances of one year benefited at the expense of the finances of future years. Thus, if India paid the Imperial Government a sum of 100*l.* in 1880-1, representing the capitalised pension of a particular soldier, this sum was at once paid into the Exchequer as revenue, and consequently in subsequent years the Indian liability for that soldier's pension in each succeeding year fell upon the Army Votes of that year without any corresponding receipt for the Exchequer.

In consequence of these defects and mistakes a heavy liability accrued against the Consolidated Fund, a liability which was estimated 18 months ago at not much less than four millions and a quarter. The estimate was thus arrived at:

#### Estimated Liability of Consolidated Fund.

On the 1st April 1884, *i. e.*, the sum which ought to have been in hand and laid out at 4 per cent. interest:—

1. Liability in respect of pensions granted prior to 1870-1 and still payable, but not charged against India - - - - -	£.	
		904,440
2. Liability in respect of pensions of the Old East Indian Army payable, but not charged against India - - - - -		33,774
3. Liability in respect of the capitalisation of pensions granted between 1870-1 and 1883-4:		
	£.	
(a.) Amount still due from India - - - - -	2,196,202	
(b.) Uncovered liability of Consolidated Fund - - - - -	3,865,746	
		6,061,948
Total Gross Liability - - - - -		7,000,162
On the other hand, my Lords had decided that the pensions granted prior to 1870-1* must remain a dead charge on Army Estimates. This part of the charge therefore would need no further adjustment - - - - -		904,440
Remaining liability at 4 per cent. - - - - -		6,095,722
Or at 3 per cent., about - - - - -		6,717,000
Part of this liability was covered by the arrears due from India in respect of capitalisations, as stated above, viz. - - - - -	2,196,000	
Subject to a deduction in respect of a charge for interest not admitted by the India Office - - - - -	110,000	
		2,086,000
Therefore total uncovered liability was - - - - -		4,631,000
Or in round numbers - - - - -		4,650,000
But the Treasury had only paid into the Exchequer during the years 1881-2, 1882-3, and 1883-4, a sum corresponding to the estimated charge of Indian pensions and Army votes during those years. They retained in the hands of the Paymaster General the difference between that charge and the sum received from India, and had thus provided an asset of - - - - -		400,000
The net liability on 1st April 1884 amounted therefore to £.		4,250,000

Which, in the Act 48 & 49 Vict. c. 67, is mentioned as a sum of 4,200,000 *l.*, or thereabouts.

It

\* It is calculated to be a present charge of 96,336 *l.*, which will gradually diminish and finally expire in 1920-7.

It became obvious to my Lords that the provision of some remedy to meet this state of things was necessary, and the remedy sanctioned by the Act now under consideration proposed,—

1. To terminate the system of capitalisation after the 31st March 1884, and to require India to contribute to Army Funds every year her share of the charge for pensions granted since that date.
2. To provide a special Deficiency Fund, which would gradually liquidate the Consolidated Fund Liability. This Deficiency Fund would consist:—
  - (a.) Of the arrears of capitalisation up to 31st March 1884, which have been set aside since 1881-82.
  - (b.) Of the sums received from India since 31st March 1884, in excess of the actual charge of Indian pensions on Army Votes, and added to the asset in the hands of the Paymaster General.
  - (c.) Of further arrears of capitalisation which India will have to pay.
  - (d.) Of an annuity of 150,000 £. charged on the Consolidated Fund.
3. To entrust the management of the Deficiency Fund to the National Debt Commissioners, who were to pay annually to the War Office whatever sum represented the charge on Army Funds for the pensions formerly capitalised, and to invest surplus funds.

Since the 1st April 1884, further considerable sums (1,800,000 £.) in respect of the capitalisation of pensions granted previously to that date, have been received. A part of them (600,000 £.) has been assigned to the Army Funds to meet the charge of those pensions for 1884-85, the remainder has been transferred to the Paymaster General, which, added to the sum in his hands on the 1st April 1884, makes a total of 1,600,000 £. available for the Deficiency Fund.

The actuarial calculations for capitalisation are not yet entirely made up to the 31st March 1884, but they are so far complete as to permit the framing of a fairly trustworthy estimate of the total sum receivable on this account.

According to this Estimate, and to the latest figures furnished by the India and War Offices, the liability of India in respect of pensions granted before the 1st April 1884, is somewhat less than was anticipated in April 1885. It has been practically discharged, and it will be seen from the account appended to this Minute, that India has paid a sum of 26,000 £. or 27,000 £. in the year 1884-85, as her share of pensions first becoming payable in that year; that sum it is believed as nearly as possible represents the share of those pensions which will be found due by her. See Appendix.

As the sum of 600,000 £. was paid over to the War Office in 1884-85, to meet the charge during that year for pensions granted in 1870-71 to 1883-84, the liability of the Consolidated Fund under the Act of last Session in respect of those pensions, commences with the current year, and provision must accordingly be made for making repayment to the War Office in this and subsequent years of the charges sanctioned by Parliament. For this purpose, my Lords must resort to the powers contained in the Act of last Session, which provide for the establishment of the Deficiency Fund.

They propose that the creation of this fund, of which the National Debt Commissioners are prepared to undertake the management, should be commenced as soon as practicable by—

- (1.) The transfer to the National Debt Commissioners of the sum of 1,600,000 £. which the Paymaster-General holds on deposit; and
- (2.) The payment to them of the annuity of 150,000 £. on which, or on a part of which, the Commissioners would at any time be at liberty to advance money to provide for any deficiency of funds.

Out of the fund thus created, the National Debt Commissioners will pay this year, and in future years to the War Office, such a sum as is calculated to represent India's share of army pensions granted between 1870-71 and 1883-84, and payable in 1885-86 and subsequent years, and to cover the charge for certain pensions granted before 1870 to men transferred to the Royal Army, who had previously served in regiments of the Old East India Company. The sum so paid, which will probably amount to about 590,000 £. for the present year, will be annually appropriated in aid of the Vote for Army Non-effective Services.

It remains for my Lords to make arrangements for securing the payment of India's share of pensions granted since the 31st March 1884.

They are glad to find that the Secretaries of State for War and India are, notwithstanding the preference which they entertain for a continuation of the capitalisation system, prepared to abandon it in favour of a system which, as my Lords hope, will prevent the recurrence of financial confusion, and ensure in the future an equitable distribution of the burden of non-effective charges between India and this country, simplicity of account, and punctuality of payment.

These objects will, in my Lords' opinion, be best attained by the adoption of the plan suggested by Mr. Denham Robinson, whose actuarial skill and willing co-operation throughout this complicated transaction they desire to acknowledge.

He proposes that, when the proper Indian share of the annual payment to each pensioner on the basis of past services has been ascertained, "the charge against India

(settled once for all at the time of retirement) should be the original Indian share multiplied by the chance of the pensioners being alive in the year," according to a fair rate of mortality.

In order to follow clearly the working of such a plan, my Lords take an illustration, and if the problem is to be shown in a complete but concise form, an extreme age must be taken. Accordingly they take the age of 90; they assume that in 1885-86, 10,000 soldiers are retired at that age; that they are each entitled to a pension of 2*l.*; and that India's share, in each case, half the pension (*viz.*, 1*l.*). The following table, based on this assumption, is taken from Finlaison's Life Tables.

YEARS.	Age of Pensioners.	Number of Pensioners calculated to be Alive in the Year.	Mean Number taken as the Average Alive through the Year.	Amount Payable by India Year by Year.	Present Value in 1885-86, of the Amount so Payable.
				£.	£.
1885-86 - -	90	10,000	8,749	4,374*	4,207
1886-87 - -	91	7,496	6,496	6,486	5,998
1887-88 - -	92	5,476	4,676·5	4,676·5	4,159
1888-89 - -	93	3,877	3,258	3,258	2,786
1889-90 - -	94	2,689	2,155·5	2,155·5	1,772
1890-91 - -	95	1,672	1,324·5	1,324·5	1,047
1891-92 - -	96	957	715·5	715·5	544
1892-93 - -	97	474	382	382	243
1893-94 - -	98	190	122	122	86
1894-95 - -	99	54	31	31	21
1895-96 - -	100	8	4	4	3
1896-97 - -	101	0	—	—	—
				23,478	20,866

The capitalised value of the pensions by the same Life Table would be 20,648*l.*; so if the present value (20,866*l.*) is reckoned, it will be seen that the general result arrived at by the two processes is much the same, and that when once the pensioner's charge is ascertained, it will not be necessary to take any further account of him individually.

This, then, is the system which my Lords determine to adopt as the best alternative on the whole, and it will be taken to have been in force since the 31st March 1884. The charge for 1884-85 has not yet been actuarially calculated, but my Lords assume for the moment, as stated above, that it amounts to about 25,000*l.*, and has been covered by the sum of 26,000*l.* or 27,000*l.* received from India.

As regards the present year, it is believed that, pending actuarial calculations, the charge against India for pensions granted since the 31st March 1884 may be taken to be about 75,000*l.*, and on this assumption my Lords have received 37,500*l.* on account of the first half of this year, which has been transferred temporarily to the deposit account of the Paymaster General, but which will have to be handed over to the War Office before the 31st March next in aid of Army Votes.

My Lords are glad to learn that when once the calculations under the old capitalisation system are completed the War Office hope that the charge for a financial year in future will be known within three or four months of its termination.

My Lords will in due course direct letters to be written to the War Office, India Office, National Debt Office, and the Paymaster General.

1st November 1885.

Direct the following letters to be written:—

(1.) To the National Debt Commissioners.

My Lords and Gentlemen,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to send you a copy of a Minute of this Board reviewing the circumstances which gave rise to the passing of

Dated November  
1/85.

\* Half the mean only is taken for the first year, because, as retirements take place about equally all the year round, only one-half the total pensions granted will be paid within the year.

of the Act of last Session, 48 & 49 Vict. c. 67, entitled, the Indian Army Pension Deficiency Act, 1885.

My Lords have now to request that you will, as contemplated by the Act, assist them in establishing the necessary deficiency fund. That fund is to be created—

(a.) Out of the sums temporarily deposited in the hands of the Paymaster General, representing the payments from India in respect of capitalisation which were made in discharge of arrears, and which have exceeded the actual charge of the year subsequent to that date.

(b.) By the annuity of 150,000 *l.* charged on the Consolidated Fund for which the Act provided.

The sums standing in the books of Her Majesty's Paymaster General to the account of the Indian Army Non-effective Arrears, and the sums which have been paid to him out of the revenues of India in respect of the Indian Army Pensions to which the Act relates, amount to about 1,600,000 *l.*, and my Lords are directing the Paymaster General to transfer to you the sums so standing in his books, which consist of 600,000 *l.* in Exchequer Bills, and the remainder in cash.

I am to request that you will cause the necessary receivable order to be furnished to the Bank of England, and will be prepared to meet the requirements of the War Office for the current year.

As regards the annuity, my Lords will cause the payment of it for the present year to be made to you at once, and in future it will be paid to you at such times and in such instalments annually as may best suit your convenience.

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(2.) To the Under Secretary of State, War Office.

Sir,

REFERRING to previous correspondence on the subject of Indian Army Pensions, I am directed by the Lords Commissioners of Her Majesty's Treasury to request you to lay before the Secretary of State for War the enclosed copy of a Minute of this Board, reviewing the circumstances which gave rise to the passing of the Act of last Session, 48 & 49 Vict. c. 67, entitled, the Indian Army Pension Deficiency Act, 1885.

I am able to say that my Lords are prepared to make a transfer to the National Debt Commissioners, from the sums now standing in the books of the Paymaster General to the account of the Indian Army Non-effective Services, which will enable the Commissioners to meet the requirements of the War Office for the current financial year, and it will now be open to Mr. Campbell-Bannerman to request the Commissioners to pay to him out of the Deficiency Fund such sums as he may certify to be required for repaying the charges in respect of Indian Army pensions granted between the 1st April 1870 and the 31st March 1884, and in respect of pensions granted to certain old East India soldiers which are payable in 1885-86.

I am to request that you will let their Lordships know, without delay, the sum which will be required to be transferred to army funds to meet expenditure incurred on account of Indian Army pensions, granted subsequently to the 31st March 1884, which are payable this year.

The sum payable on this account is estimated by the India Office at 75,000 *l.*

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(3.) To the Under Secretary of State, India Office.

Sir,—

REFERRING to previous correspondence on the subject of Indian Army Pensions, I am directed by the Lords Commissioners of Her Majesty's Treasury to request you to lay before the Secretary of State for India in Council the enclosed copy of a Minute of this Board, reviewing the circumstances which gave rise to the passing of the Act of last Session, 48 & 49 Vict. c. 67, entitled, the Indian Army Pension Deficiency Act, 1885.

My Lords are engaged in making the necessary arrangements for creating the Deficiency Fund pursuant to the terms of the Act, whereby the Secretary of State for War will be enabled to meet the charges in respect of Indian Army Pensions granted between the 1st April 1870 and the 31st March 1884, and in respect of pensions granted to certain old East India soldiers, which are due in 1885-86, and may become payable in future years.

As the Minute goes so fully into detail, it would appear to be unnecessary to make any addition to it in a separate communication.

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(4.) To the Paymaster General.

My Lord,—

I AM directed by the Lords Commissioners of Her Majesty's Treasury to send you the enclosed copy of a Minute of this Board reviewing the circumstances which gave rise to the passing of the Act of last Session, 48 & 49 Vict. c. 67, entitled, the Indian Army Pension Deficiency Act, 1885.

My Lords believe that the sums deposited in your hands on account of the Indian Army Non-effective Services amount to 1,600,000 *l.* (exclusive of the sum of 56,250 *l.* 0.69.

received from the Indian Government in the current year, which will have to be transferred direct to the War Office) of which a portion (about 600,000 £.) has been invested in Exchequer Bills, and the remainder forms part of your general cash balance.

The Act, as you are aware, provides that these sums shall be transferred to the National Debt Commissioners in order to enable them to create a Deficiency Fund; and I am, therefore, to request that you will, on receipt of this letter, transfer to the National Debt Commissioners the amount held by you on this account, viz., 600,000 £. Exchequer Bills, and the balance, 1,000,000 £. in cash.

5.) Authorise Paymaster General accordingly.

(6.) Direct issue from the Consolidated Fund of 150,000 £. to the National Debt Commissioners, in accordance with the Act 48 & 49 Vict. c. 67.

29th March 1886.

## APPENDIX.

ESTIMATED BALANCE on NON-EFFECTIVE ACCOUNTS for the Period from 1st April 1870 to the 31st March 1884, during which the Capitalised Value of Pensions granted was paid by India.

Total sum payable for Actuaries' Reports to 1882-83, inclusive - -				£.
				8,107,984
Estimated amount for 1883-84, as under :—				
1st quarter - - - -	£.	£.		
2nd „ - - - -	159,207			
3rd „ - - - -	124,879			
4th „ - - - -	127,056			
	160,000			
		571,142		
Less China Pensions* capitalised -	54,048			
Half-pay of Staff Officers and				
other credits - - - -	25,094			
		79,142		
				492,000
Interest to 31st March 1883, as agreed - - - -				198,057
	£.			
Estimated Interest, 1883-84 and 1884-85 - -	{ 66,803 }			
	{ 7,316 }			74,119
Total due for Capitalised Pensions - - - -		£.		8,872,160
Amounts already paid on account - - - -				8,898,629
Estimated Surplus available to meet charge for Pensions granted } in 1884-85 - - - -		£.		26,469

Financial Department, India Office,  
10th August 1885.

(signed) *Henry Waterfield.*

## TRANSVAAL ACCOUNTS.

COPY of TREASURY MINUTE, dated 13th May 1886:

My Lords have before them a letter from the Colonial Office, dated the 24th March 1886, forwarding a further communication from Sir Theophilus Shepstone about the account of the expenditure which he incurred on his mission to the Transvaal in 1876-77.

My Lords read also a report on the subject drawn by Mr. E. W. Hamilton, their accounting officer.

Mr. Hamilton points out that Sir T. Shepstone now produces vouchers, or their equivalent,

\* This belongs to an arrangement sanctioned by the Treasury, under which India is to receive the capitalised value of the future pensions payable by the Imperial Government to certain heirs of Indian soldiers who lost their lives during the three China wars, or in Labuan, or in the Straits Settlements.

valent, for 931 *l.* 1 *s.* 9 *d.*; receipts, more or less satisfactory, for 123 *l.* 14 *s.* 6 *d.*; and shows in his schedule of extra receipts repayments which may be admitted to the amount of 150 *l.* 2 *s.*, in all 1,204 *l.* 18 *s.* 3 *d.*

For this amount my Lords are willing that Sir T. Shepstone should be given credit.

There will then remain, as will be seen from Mr. Hamilton's report, a net debit against Sir T. Shepstone of 3,060 *l.* 3 *s.* 1 *d.*, for which vouchers are still not forthcoming; and, having regard to the considerations urged by Mr. Hamilton, my Lords are prepared to allow Sir T. Shepstone credit for that further amount, and thus finally to close the account.

Let credit be allowed to Sir T. Shepstone for an expenditure of 4,265 *l.* 14 *s.* accordingly.

Transmit copies of this Minute and of Mr. Hamilton's Report to the Colonial Office and to the Comptroller and Auditor General.

Write to the Under Secretary of State, Colonial Office.

Sir,

With reference to Mr. Branston's letter of the 24th March last, transmitting the copy of a Memorandum by Sir Theophilus Shepstone on his Transvaal Accounts of 1876-77, I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you, to be laid before the Secretary of State, the enclosed copy of a report which has been drawn up by Mr. E. W. Hamilton upon the subject, and of a Minute of this Board directing the closing of these accounts.

I am, &c.  
(signed)

Write to the Comptroller and Auditor General.

Sir,

With reference to Mr. Treherne's letter of the 22nd December last, respecting Sir Theophilus Shepstone's Account of Expenditure on his mission to the Transvaal in 1876-77, I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you the enclosed copy of a report which has been drawn up by Mr. E. W. Hamilton upon the subject, and of a Minute of this Board directing the closing of these accounts.

I am, &c.  
(signed)

## TRANSVAAL ACCOUNTS.

### COPY of REPORT of Mr. E. W. Hamilton.

May it please your Lordships,

Treasury, May 1886.

1. WITH reference to the accompanying Colonial Office Letter, dated the 24th March last, enclosing vouchers and other documents transmitted by Sir T. Shepstone in support of his account of expenditure on his mission in the Transvaal in 1877, I beg to report as follows :—

2. Sir T. Shepstone has furnished further vouchers, or their equivalent, for the following items :—

		£.	s.	d.	£.	s.	d.
Thomas Hill	- - - - -	A horse	- - -	25	- -		
G. K. Henderson	- - - - -	Wine, &c.	- - -	303	2 -		
Ditto	- - - - -	Wine, &c.	120 8 -				
		Less credit	2 - -				
				118	8 -		
P. Murphy	- - - - -	- - - - -	- - -	179	15 -		
Henwood and Co.	- - - - -	Cutlery, &c.	- - -	51	- 3		
Bales and Co.	- - - - -	- - - - -	- - -	6	5 -		
Waggon Drivers	- - - - -	- - - - -	- - -	10	10 -		
Wheeler and Co.	- - - - -	Brandy	- - -	10	3 6		
Crowder and Co.	- - - - -	Duty, &c., on Brandy	- - -	4	12 10		
A. Tucker	- - - - -	Hotel bill	- - -	28	2 8		
G. R. H. Scrooby	- - - - -	Forage	- - -	26	12 6		
Ditto	- - - - -	ditto	- - -	47	10 -		
J. A. de Villiers	- - - - -	Rent	- - -	30	- -		
Ditto	- - - - -	ditto	- - -	30	- -		
Ditto	- - - - -	ditto	- - -	60	- -		
				£.	931 1 9		

3. He has also furnished receipts given by the Inspector of the Mounted Police, who accompanied the Mission, for sums disbursed by him on account of the purchase of,

\*Receipts  
previously  
transmitted.

	£.	s.	d.
Forage - - - - -	56	1	-
Ditto - - - - -	23	12	6
Ditto - - - - -	6	12	-*
Ditto - - - - -	33	12	-*
And receipts given by a Corporal of the Police employed on the same service - - - - -	1	3	-*
Ditto - - - ditto - - - ditto - - -	2	14	-*
	£.	123	14 6

An explanation of the arrangement for the purchase of forage has now been given, and although the receipts given by the Inspector, who was merely Sir T. Shepstone's agent in the matter, cannot be regarded as satisfactory vouchers, yet under all the circumstances of the case your Lordships may be prepared to allow credit for the items.

4. In the schedule of "Extra Receipts" attached to Sir R. E. Welby's Report of the 17th April 1883 the following repayments are brought to account :—

	£.	s.	d.
Repayment of house rent, 1st July to 15th November 1877 -	135	-	-
Balance of cheques - - - - -	11	10	-
Ditto - - - - -	3	12	-
	£.	150	2 -

The first amount clearly represents the repayment of a portion of the unvouched charge of 150*l.* for rent to 15th November 1877, and the second and third amounts doubtless represent the reimbursement of part of the remaining unaccounted for charges.

5. For the equivalent of these last items, as well as for the expenditure in support of which further vouchers and semi-vouchers have been furnished, I presume that your Lordships will be prepared to give credit. The account would then stand as follows :—

Outstanding debit (net), as per Sir R. E. Welby's Report of 30th June 1885 (T. P. 7142-85) -	£.	s.	d.
	4,265	1	4
Deduct amounts set forth above :—			
Paragraph 2 - - - - -	£.	s.	d.
Paragraph 3 - - - - -	931	1	9
" 4 - - - - -	123	14	6
" 4 - - - - -	150	2	-
		1,204	18 3
Leaving outstanding and unvouched, for a balance of - - - - -	£.	3,060	3 1

6. On the items representing this balance Sir T. Shepstone has made sundry notes, but on these notes, as also on his further assertions, I think there is no need for me to comment, as they throw little further light on the points in dispute.

7. It was never suggested for a moment that there had been any "mala fides" on the part of Sir T. Shepstone. The contention of your Lordships was that there had been great laxity and great irregularity in the mode of keeping and rendering the account, and I am bound to say that, in spite of the further vouchers he has been able to produce, and in spite of the pains at which he has lately been to make good omissions of the past, Sir T. Shepstone has not, in my opinion, been able to show that the ground for that contention was unfounded.

8. Having regard, however, to the peculiar circumstances of the case, and to the opinion expressed by the Public Accounts Committee in their Report of 1885, I venture to suggest for your Lordships' consideration that credit should also be given for the outstanding difference (3,060*l.* 3*s.* 1*d.*), and that the Schedule of Extra Receipts should be treated as correct, thus finally closing the account and terminating a very unsatisfactory business.

(signed) *E. W. Hamilton.*

The Lords Commissioners of  
Her Majesty's Treasury,  
&c. &c.

EXTRACT from a REPORT of the TREASURY OFFICERS of ACCOUNTS on the Question of the AUDIT of STORE ACCOUNTS by the COMPTROLLER and AUDITOR GENERAL.

Treasury, 31 October 1883.

AN audit of Store Accounts by the Comptroller and Auditor General must, we presume, take one of the following forms:—

- (a.) A detailed audit (as in the case of the Cash Accounts of the Civil Departments) by the transmission to the Audit Office of accounts and vouchers.
- (b.) A detailed audit conducted *locally*.
- (c.) A local test audit.

The documents corresponding in Store Accounts with “vouchers” in cash accounts would be the actual requisitions and receipts of the various officers duly authorised to draw stores for consumption or use. These documents are out of all proportion to the vouchers which support cash accounts, inasmuch as a single cash payment to a contractor will represent an infinite number of issues in detail. Thus, taking the simple case of one of the prisons (of which there are more than 100 in the United Kingdom, each of them a store department), a single cash payment covers the supplies of meat for a whole quarter. But the vouchers for the issues are the requisitions or statements, which are prepared *daily*, of the numbers and classes of prisoners to be victualled, with elaborately exact calculations of the quantities represented by the particular scales of diet fixed for the several classes; these, again, varying with the particular day of the week.

Further, it may be noted, as indicating the area to be covered, that whereas a money payment is vouched and disposed of once for all, in Store Accounts very many articles are bought on charge successively in the accounts of several independent officers, as in the case of issues from the dockyards to the Fleet, or to expense stores within the dockyards, or from the Arsenal to the dockyards, or from one dockyard or ship to another; also when military stores are issued (1) from the arsenal or the manufactory to other military depôts; (2) from the depôts to the expense stores of the sub-districts; and (3) from the expense stores to the troops. Again, when the process is reversed and stores are returned to the dockyards or arsenal by similar stages.

Under the first above-named method of audit many tons weight of paper would be annually transmitted to the Audit Office, the immense details of which must be scheduled and summarised in the accompanying accounts. Such a scheme would, of course, involve a large increase of clerical work in the departments, apart from the additional staff in the Audit Office.

A local detailed audit by the Comptroller and Auditor General would avoid the expense contingent upon the preparation and transmission of accounts, but would probably entail the doubling of the staff of the Comptroller and Auditor General, and this additional staff must be scattered in all parts of the United Kingdom.

Assuming that these methods are practically out of the question, there remains a test audit exercised locally. The cost would, of course, be far less in this case, but so immense are the details to be scrutinised, that a test audit, as ordinarily understood—that is, a continuous examination in each store branch of an appreciable portion of the accounts—would still demand a very material increase to the staff of the Comptroller and Auditor General's Department.

It is obviously desirable, in the interest of economy, to reduce within the narrowest limits the necessity for an audit of this kind, in addition to the examination for which the regulations of the Department provide. We think, therefore, that it should be the object of the Treasury to lay down such regulations as are calculated to secure an entirely effective check in the Departments upon the use and consumption of stores. When that is accomplished, your Lordships and the Committee of Public Accounts might consider whether a sufficient guarantee that those regulations are duly enforced might not be effected by a comparatively inexpensive system of independent inspection from time to time.

We have thought it right to submit these observations, in order to show the extremely wide range of the subject, and the necessity for the fullest inquiry and most careful consideration, before the Treasury is committed to any scheme of which the ultimate cost has not been well weighed against the intrinsic value of the object to be attained by it, and also to bring before your Lordships the desirability of ascertaining without delay how far the check in the various Departments upon the consumption of stores is at present defective, so that the Committee of Public Accounts may be satisfied that your Lordships, while deprecating an indiscriminate application of the independent audit to Store Accounts, are earnestly working to reform the departmental check upon these Accounts, and that it may expect, within reasonable time, to learn the result of such reform, when that point is reached, the question of independent audit will be ripe for decision.

(signed) *R. E. Welby.*  
*Richard Mills.*

The Lords Commissioners of  
Her Majesty's Treasury,  
&c. &c. &c.



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I N D E X.

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4. *Surplus or Profit on the Bankruptcy Fund.*
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R E P O R T  
FROM THE  
SELECT COMMITTEE  
ON  
C O M M O N S;  
TOGETHER WITH THE  
PROCEEDINGS OF THE COMMITTEE,  
MINUTES OF EVIDENCE,  
AND APPENDIX.

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*Ordered, by The House of Commons, to be Printed,  
31 March 1886.*

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*Ordered*,—[ *Thursday, 11th March 1886* ] :—THAT a Select Committee be appointed to consider every Report made by the Land Commissioners for England, certifying the expediency of any Provisional Order for the inclosure or regulation of a Common, and presented to the House during the last or present Sessions, before a Bill be brought in for the confirmation of such Order.

THAT it be an Instruction to the Committee, that they have power in respect to each such Provisional Order, to inquire and report to the House whether the same should be confirmed by Parliament, and, if so, whether with or without modification; and, in the event of their being of opinion that the same should be confirmed, except subject to modifications, to report such modifications accordingly, with a view to such Provisional Order being remitted to the Land Commissioners.

THAT the Committee do consist of Twelve Members, Seven to be nominated by the House, and Five by the Committee of Selection:—

Sir Walter Barttelot.  
Mr. Walter James.  
Mr. Richard Power.  
Sir Henry Selwin-Ibbetson.  
Mr. Arch.  
Mr. Edward Buxton.  
Mr. Wroughton.

Nominated by the House.

Sir James Fergusson.  
Mr. Hunter.  
Viscount Lewisham.  
Mr. Jasper More.  
Mr. Story-Maskelyne.

Added by the Committee of Selection  
[ *Friday, 12th March 1886* ].

THAT Five be the Quorum of the Committee.

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## R E P O R T.

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THE SELECT COMMITTEE appointed to consider every REPORT made by the LAND COMMISSIONERS for ENGLAND, certifying the expediency of any PROVISIONAL ORDER for the INCLOSURE or REGULATION of a COMMON, and presented to the House during the last or present Sessions, before a Bill be brought in for the confirmation of such Order; and who were instructed that they have power in respect to each such Provisional Order to inquire and report to the House whether the same should be confirmed by Parliament, and, if so, whether with or without modification; and in the event of their being of opinion that the same should be confirmed, except subject to modifications, to report such modifications accordingly, with a view to such Provisional Order being remitted to the Land Commissioners;— HAVE considered the REPORTS of the LAND COMMISSIONERS certifying the expediency of PROVISIONAL ORDERS for—

THE REGULATION OF STOKE COMMON, WARWICKSHIRE.

THE REGULATION OF THE COMMONS AND THE INCLOSURE  
OF THE COMMON FIELDS, IN THE PARISH OF TOTTERNHOE,  
BEDFORDSHIRE.

THE REGULATION OF HAYLING BEACH COMMON, HAMPSHIRE.

and are of opinion,—

That the same ought to be confirmed by PARLIAMENT without  
modification.

31 *March* 1886.

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## PROCEEDINGS OF THE COMMITTEE.

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*Tuesday, 16th March 1886.*

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### MEMBERS PRESENT :

Sir Walter Barttelot.  
Mr. Arch.  
Mr. Edward Buxton.  
Mr. Hunter.

Mr. Walter James.  
Mr. Jasper More.  
Mr. Story-Maskelyne.  
Mr. Richard Power.

Sir WALTER BARTELOT was called to the Chair.

[Adjourned till Tuesday, 30th instant, at Twelve o'clock.]

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*Tuesday, 30th March 1886.*

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### MEMBERS PRESENT :

Sir WALTER BARTELOT in the Chair.

Sir Henry Selwin-Ibbetson.  
Mr. Henry James.  
Mr. Edward Buxton.  
Mr. Wroughton.  
Mr. Jasper More.

Sir James Fergusson.  
Mr. Arch.  
Viscount Lewisham.  
Mr. Story-Maskelyne.  
Mr. Richard Power.

### THE REGULATION OF STOKE COMMON, WARWICKSHIRE.

Special Report of the Land Commission as to the Regulation of Stoke Common, Warwickshire, read.

Colonel *G. A. Leach*, R.E., Mr. *George Pemberton Leach*, and Mr. *John Gulson*, were examined.

Motion made, and Question, "That the Provisional Order ought to be confirmed without modification,"—put, and *agreed to*.

### THE REGULATION OF THE COMMONS, AND THE INCLOSURE OF THE COMMON FIELDS, IN THE PARISH OF TOTTERNHOE, BEDFORDSHIRE.

Special Report as to the Regulation of the Commons, and the Inclosure of the Common Fields, in the Parish of Totternhoe, in the County of Bedford, read.

Colonel *G. A. Leach*, R.E., Mr. *George Pemberton Leach*, Mr. *Gilbert Sinkwell*, (Mayor of Dunstable), and Mr. *Saunders*, were examined.

Motion made, and Question, "That the Provisional Order ought to be confirmed without modification,"—put, and *agreed to*.

[Adjourned till To-morrow, at One o'clock.]

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*Wednesday, 31st March 1886.*

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## MEMBERS PRESENT:

Sir WALTER BARTTELOT, in the Chair.

Mr. Edward Buxton.  
Mr. Wroughton.  
Mr. Story-Maskelyne.  
Mr. Hunter.  
Mr. Arch.

Sir James Fergusson.  
Mr. Walter James.  
Viscount Lewisham.  
Mr. Jasper More.  
Sir Henry Selwin-Ibbetson.

## THE REGULATION OF HAYLING BEACH COMMON, HAMPSHIRE.

Special Report of the Land Commissioners as to the Regulation of Hayling Beach Common, in the County of Southampton, read.

Colonel *G. A. Leach*, R.E., and Mr. *George Pemberton Leach* were examined.

Captain *O'Shea* (a Member of the House), Mr. *George Gumbleton*, Colonel *John Glas Sandeman*, and Mr. *Robert Few*, were examined.

In opposition to the Scheme for Regulation, Rev. *J. A. Bell*, Mr. *Thomas Crasler*, and Lord *Robert Bruce*, were examined.

Mr. *William Gregory*, C.E., was examined.

Colonel *G. A. Leach*, R.E., was re-called, and further examined.

Motion made, and Question put, "That the Provisional Order ought to be confirmed without modification."—The Committee divided:

## Ayes, 5.

Viscount Lewisham.  
Mr. Wroughton.  
Sir Henry Selwin-Ibbetson.  
Sir James Fergusson.  
Mr. Jasper More.

## Noes, 5.

Mr. Story-Maskelyne.  
Mr. Walter James.  
Mr. Edward Buxton.  
Mr. Arch.  
Mr. Hunter.

Whereupon the *Chairman* declared himself with the Ayes.

*Resolved*, That the Provisional Order ought to be confirmed without modification.

Report read, and *agreed to*.

*Ordered*, To Report.

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# MINUTES OF EVIDENCE.

*Tuesday, 30th March 1886.*

## MEMBERS PRESENT :

Mr. Arch.  
Sir Walter Barttelot.  
Mr. Edward Buxton.  
Sir James Fergusson.  
Mr. Walter James.  
Viscount Lewisham.

Mr. Jasper More.  
Mr. Richard Power.  
Sir Henry Selwin-Ibbetson.  
Mr. Story-Maskelyne.  
Mr. Wroughton.

SIR WALTER BARTTELOT, BART., IN THE CHAIR.

## STOKE.

Colonel G. A. LEACH, called in ; and Examined.

*Chairman.*

1. I THINK you are one of the Inclosure Commissioners?—One of the Land Commissioners.

2. And I think you have got plans with regard to all these three commons we have to discuss to-day?—I have.

3. Will you kindly hand them in ; we will take Stoke Common first?—That is the 1-inch Ordnance map, which shows the position of the common to be regulated with respect to Coventry, close to which it is (*handing in the same*). This is the sketch map referred to in the Provisional Order on a larger scale, showing the commons in detail.

4. I think the commons are separated into three pieces, are they not?—Yes, they are ; there is Stoke Heath, which is 41 acres ; Stoke Green, which is 18 acres ; and there are about seven acres of roadside strips, altogether 66 acres (*explaining the position of the same on the plan*). The Committee will see them better on the small

*Chairman—continued.*

scale map. I should remark that this map was published a considerable number of years ago, and does not now represent the town correctly, as it has extended very much indeed in the direction of Stoke.

5. I think all the other common land on the west of Coventry has been inclosed for some time?—A considerable part of it has been.

6. There is still some that is uninclosed?—Yes ; but latterly all we have dealt with we have regulated.

7. The whole of the land about here has been regulated to the great satisfaction of the Town of Coventry, has it not?—Yes, and with the approbation of the local authority, the mayor and corporation. All the Land Commissioners have to say is stated in their Report, which is before you ; I shall be glad to answer any questions which the Committee may desire to put to me.

Mr. GEORGE PEMBERTON LEACH, called in ; and Examined.

*Chairman.*

8. I THINK you are the Assistant Commissioner who held the inquiry with regard to Stoke Common?—Yes.

9. Were the usual and proper notices given?—Yes, I took evidence at the meeting that the notices had been properly published.

10. And previous to that the proper assent had 0.72.

*Chairman—continued.*

been given to the inclosure or regulation of the common?—No doubt it had ; the Commissioners would not authorise me to hold an inquiry, unless the preliminary consent had been given.

11. Where did you hold your first meeting?—At the Board School, Stoke.

A

12. Was

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Colonel LEACH and Mr. LEACH.

[Continued.]

*Chairman—continued.*

12. Was it well attended?—About 60 persons attended the morning meeting.

13. Were there any working men amongst them?—Yes, a certain number.

14. And was it unanimous that it would be in the interests of Coventry and this district that this common should be regulated?—Almost entirely.

15. What was the objection, if there was any, raised to the proposal?—One of the freeholders in the parish, who claimed to have the right of common, dissented from the application, on the ground that he did not think any good would come of it; and at the morning meeting a petition was presented, which was signed by good many of the inhabitants, asking that a certain proportion of the common might be allotted for gardens. In the interval, between the meetings, I went over all the ground and the neighbourhood, accompanied by a considerable number of inhabitants and persons interested; and at the evening meeting that gentleman asked leave to withdraw his petition, on the ground that the extent of the common was so small, and the general feeling in the neighbourhood was that it was more advantageous to the neighbourhood to keep the common open, rather than to give up any part for gardens that would only provide a very small accommodation for the large population in the neighbourhood.

16. When did you hold the second meeting?—On the following day at seven o'clock in the evening.

17. How was that attended?—By about 200 people.

18. What class of people attended that meeting?—All classes, with a very large number of the labouring classes.

19. Was the scheme, the scheme as you propounded it to them, generally satisfactory?—Yes.

20. They thought that it would be to the interest of the district that that common should be regulated?—Yes, and they were very well pleased with the proposal of the freeholders that the rights of common should be treated as belonging not only to the freeholders, but to the inhabitant householders in Stoke. There had been a recent decision in the county court which decided that the rights of common were exercisable only by freeholders, and had rather come as a surprise upon the inhabitants of Stoke. That decision was, I think, mainly the cause of the application for Regulation being made, and all the freeholders were willing, at the subsequent proceedings, under regulation, that it should be considered that the inhabitant householders of Stoke were entitled to rights of common.

21. How many inhabitant householders of Stoke would be entitled to rights of common if it was regulated?—Rather a large number; I do not know the exact number, but I think about 300; probably some of the other witnesses can speak more definitely to that.

22. Now, will you let us know the extent of the waste, Stoke Heath?—There are 66 acres in all, Stoke Heath being 41 acres, Stoke Green (another detached portion) 18 acres, and then

*Chairman—continued.*

some broad green roadside strips, about seven acres.

23. Let us take the broad green strips, in order to get rid of them; what do you propose to do with them?—They would be included in the Order for Regulation, and any encroachment would thereby be prevented and the Conservators or Board of Management would have power over those strips to keep them in fair order. Probably trees might be planted along part of them.

24. So that the landowners on either side would not have the power of inclosing any portion of those strips?—That would be so.

25. Now, we will take Stoke Heath, that is the largest portion?—Yes.

26. Is there a cricket ground on Stoke Heath?—Yes.

27. I see in the Order that full rights are reserved for playing cricket and other games upon the common?—Yes. There was this existing cricket ground, and it was proposed that power should be given to the Conservators to fence off with movable posts and rails sufficient to keep the pitch in good order; those posts and rails would be removed when a match was played, and as little interference as possible would be caused with the pasturage, and at the same time the actual pitch would be kept in good order.

28. Are any other games played upon that common besides cricket?—I did not hear of any special games; it is close to Coventry, and is very largely resorted to.

29. Is the common dry?—Very fairly so.

30. Would it require much draining to make it in good order for traffic, so that it would be available at all times for the use of the inhabitants?—No doubt parts of it might be improved by draining.

31. Now we will take the other portion, the Green; I think that on the Green, if I understand rightly, there are rows of houses on each side, are there not?—Yes.

32. And I think the owners of those houses have been using the Green as a sort of highway to go across where they pleased?—Yes, tracks are cut across it in all directions.

33. As I understand, it is proposed to make a road on each side in front of the houses?—I should think that would be done by the valuer; it is not definitely settled; the roads to be set out are left to the valuer.

34. But that is the suggestion as I understand, in order to leave all the centre of the common perfectly free to be used for what purposes, of recreation and otherwise, may be necessary?—Yes, that I have no doubt is what would be done.

35. That would apply to the two commons; and the strips you propose should be regulated?—Yes. The object is to maintain them for the general advantage.

36. I think the Corporation of Coventry are Lords of the Manor?—Yes.

37. And I think they are also the owners, more or less, of the brick-kilns?—Yes, they are the owners of the soil, and they have allowed the brick-kilns, which are very old ones, to be established.

38. Then, as I understand, with regard to these

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[Continued.]

*Chairman—continued.*

these brick-kilns, it is proposed that the sale of bricks, or anything that may be necessary, shall only be done for the advantage of the regulation of the common, so as to save the ratepayers paying anything?—Yes; the brick-kiln has been let for a good many years to a yearly tenant at a rental of 60 £ a year, and a royalty on the bricks that he produces. The Corporation of Coventry have allowed a committee of commoners to receive that rent, and to apply it for the purposes of the common; and it is proposed that that should be continued.

39. Then I also understand that there is some fee charged for marking the cattle and sheep that are turned out?—Yes.

40. And that that fee so charged will go towards defraying the expenses of the regulation of the common?—That would be so; but in order to prevent the charge being excessive, the fees to be charged are to be subject to the approval of the Land Commissioners.

41. Can you tell roughly the quantity of stock that are turned out upon these commons?—I think about 100 head were marked last year.

42. Sheep and cattle?—Cows, sheep, and horses. Each common right entitles the owner to turn out eight sheep, or one cow and three sheep, or one horse.

43. Do I rightly understand from you that the three-hundred occupiers of these houses in Stoke are to have that right?—They will be entitled to claim it, but I should think that the larger number would certainly not claim any right of common.

44. They would not have anything to turn out; but at the same time it must be manifest that the common could not carry that or anything approaching to the quantity that might be turned out?—No; the effect would probably be that the freeholders, who would be the larger landowners, would not exercise their right of common, and the poorer people, the inhabitant householders, would have the benefit of those rights.

45. If they wished to exercise them?—Yes, quite so. That would manifestly be for the benefit of the poorer classes. There is another witness who will be able to explain this better than I can.

46. Now with regard to the roads, in the interest of Coventry and the neighbourhood, is it necessary that the roads should be set out there, with the exception of those roads on each side of Stoke Green?—Probably one road would be set out on Stoke Heath; but, with that exception, I do not think that many new roads would be required.

47. And that road would be kept up, not at the expense of the ratepayers, but at the expense of the fees?—It would be made at the expense of the commoners, and would be put in thorough order before it was handed over to the parish, and so become chargeable upon the general rates.

48. One moment; supposing that the parish refused to take it; they will only take it if they choose to do so; it cannot be handed over to them absolutely, unless they choose to take it?—The parish would be bound to take it; but no

*Chairman—continued.*

doubt the valuer in setting out any road would always take into consideration the feelings of persons in the neighbourhood. He generally calls a meeting to consider any scheme of roads which he has, and then no doubt he ascertains the feelings of the people in the neighbourhood.

49. Then there is one other question; what is about the population of these common lands?—In the parish of Stoke the population is 1,447.

50. And the population of Coventry is 48,000, is it not?—Yes, it is 48,000.

51. And there are two or three other small places nearer, I think?—Yes.

52. Then from all that you have heard, and from every enquiry that you have made, you believe that it is in the interest, not only of the commoners themselves, but of the general public, that this common should be regulated?—I have not the smallest doubt of it, and specially in the interests of the general public.

*Mr. Walter James.*

53. Would you just explain to me about the commoners; how many are there?—I should think that the number of commoners has not been definitely ascertained; at present they are the freeholders in the parish; but I was less careful in taking the exact number than I usually am, on account of the very large attendance at the meeting, and the general assent that was given.

54. I understood from your answer to the question that was put to you by the Chairman, that there were 300 occupants of houses who would exercise this common right of turning out eight sheep, or one cow, and three sheep, or one horse?—If you will allow me to obtain the information, and to give it to you later, I shall be able to give it you more exactly.

55. The only other question which I should like to ask is with regard to the right of clay and taking sand and the burning of lime, which is referred to at the end of your statement; have you inserted provisions in the Scheme to prevent that being taken in such a way as to damage the surface or produce any injury to the surface of the common?—The Conservators would have the power of controlling that.

56. You have reason to suppose that they would control that?—Certainly,

*Mr. Wroughton.*

57. Is there any considerable desire now that land should be set aside for gardens?—No.

58. That is withdrawn?—Yes; only one person at the evening meeting expressed any desire that gardens should be set out. The general feeling of the 200 inhabitants at the meeting was strongly in favour of all the common being kept open.

59. And those who signed the memorial withdrew their objection?—Yes.

*Mr. Jasper More.*

60. Supposing that the parish declined to take over the road, how would that be?—I should think that the valuer would not set any roads out unless he was satisfied that they were required.

61. But if the parish declined to take them over, would that be fatal to the carrying out of the

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[Continued.]

*Mr. Jasper More*—continued.

the scheme?—No; because I think, under the Enclosure Acts, if the roads are set out, the parish is bound to take them over, provided that they are put into a proper state to the satisfaction of the justices.

62. What would be the object of consulting the parish if that was so?—The valuer generally calls a meeting to ascertain the feeling of the people in the neighbourhood, because he is the officer who is appointed to carry out either the enclosure or the regulation, as the case may be; and the proceedings in the case of regulation are, as far as possible, the same as in the case of enclosure. The same rules apply. The valuer calls a meeting to hear what roads are generally considered necessary, either public or private.

63. Has that been the custom in all cases where these commons have been enclosed; have you not laid out the roads and asked the parishes to take them over?—I am not aware that the question has arisen.

64. It has arisen in a petition that I have received this morning, in which it is stated that roads have been laid out and thrown on the district, and the district has objected to take them over?—That is a matter more for the Land Commissioners than myself. (*Colonel Leach.*) Perhaps I had better answer the honourable Member's question with regard to the roads. A meeting is held by the valuer, who schemes out the roads; he then submits them to the Commissioners for their approval; the Commissioners deposit the plans of them in the parish to hear what objections there are, if any, on the part of the parish, and the Commissioners would certainly not sanction the making of any roads until they were satisfied that they were generally approved of.

65. But supposing that a notice of that kind is sent to some country parish where they are not accustomed to matters of business, and supposing that no particular notice is taken of it, that they neglect to call a meeting, and then find afterwards that they are saddled with the roads, do you not think that we ought to consider the probable occurrence of such a contingency as that? I had a case in point sent to me this morning, where that objection was taken?—The Commissioners can do no more than give the necessary notices, and deposit the scheme in the parish.

66. But supposing the parish declined to take over the roads, what would you do then?—If the roads were laid out and made under the regulation, the parish would be bound to take them over under the Enclosure Acts.

*Chairman.*

67. Are you absolutely certain that the parish are bound to take over a road that is made in that way without their consent?—If it is laid out by the valuer under the Enclosure Acts, and made at the cost of the enclosure or regulation, and certified by the justices, then it devolves upon the parish to maintain it.

68. But the parish had the opportunity of refusing to take it over before the justices?—The parish had the opportunity of objecting before the justices; but if the justices certify that the road is properly made and formed, then the repair would devolve upon the parish. But,

*Chairman*—continued.

as I explained before, the Commissioners would take care that the matter was brought under the notice of the local people before they sanctioned the making of the road.

69. Could you refer the Committee to that portion of the Act which refers to this?—It is the 67th Section of the General Enclosure Act of 1845: "And be it enacted, that when and so soon as two or more of Her Majesty's justices of the peace for the county, riding, division, or jurisdiction in which the lands to be inclosed shall be situate, shall certify any of the public roads and ways to be set out in pursuance of this Act, or any inclosure to be sufficiently formed and completed, such roads shall thenceforth be kept in repair by such persons, and in such manner as the public roads within the said parish are, or ought by law to be, kept in repair; and every such certificate shall at the quarter sessions of the peace to be holden for the said county, riding, division, or jurisdiction next after the date thereof, be filed of record by the Clerk of the Peace." That is the section which refers to this.

*Chairman.*

70. Is that the last Act that there is with regard to that?—Yes, it is the last Act. The Act leaves it entirely in the hands of the valuer to set out roads; it is because the Commissioners felt that some precautions were necessary that they have always required the valuer to submit to them his scheme for roads, and again to submit it to the parish before they sanctioned their construction.

71. Therefore nothing is sanctioned without the approval of the parish?—Certainly not, without hearing any objections that might be made.

72. And the same law applies to the enclosure of a common as to the regulation of a common?—The Act applies to the regulation as well as to the enclosure, so far as regards these particular matters.

*Mr. Jasper More.*

73. Would the parish only be able to control the direction of the road?—The parish could express its views on all points. The section of the Commons Act of 1876, which makes the general provisions of the Enclosure Acts applicable, is as follows: "The Inclosure Commissioners may insert in any Provisional Order for the regulation of a common any provisions they may deem necessary for the purpose of carrying such Order into effect; but subject, as aforesaid, where an Act of Parliament has been passed as aforesaid, enacting that the regulation of a common shall be proceeded with, the subsequent proceedings for carrying into effect the regulation of such common shall be the same, so far as is practicable, as they would be in case such common were to be inclosed, instead of being regulated, and the provisions of the Inclosure Acts, 1845 to 1868, as amended by this Act, shall apply accordingly."

74. Then the object of consulting the parish is really to get their opinion as to the direction of the road, but not consulting them as to whether they

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[Continued.]

*Mr. Jasper More*—continued.

they would take over the road?—The opinion is taken in order to obtain their views as to the roads as a whole, not only as to their direction, but as to whether they shall be made.

75. But they have not the option as to whether they should take the road over?—Not if the road is made and certified by the justices.

*Viscount Lewisham.*

76. I suppose that if the justices sanctioned the making of the road the parish would have to take it over?—Yes, clearly, and the Commissioners would not sanction the construction of roads unless they were satisfied that it was in the interest of the inhabitants that they should do so.

*Mr. Jasper More.*

77. (To *Mr. Leach*.) Who has had the right of receiving this fee for the marking of the cattle?—The pindar, or common keeper, who looks after commoners' cattle, and would turn off any cattle trespassing.

78. Is that an old custom?—It is an old custom of the manor. I might say one thing with regard to the question of the roads, that, as a general rule, the objection is not to roads being made, but to the people in the parish requiring more roads than the commoners are willing to set out; because, as the commoners have to pay the expense of making them, their natural interest is that as few roads as possible should be made, so that the objections or suggestions from the parish relate rather to the number of the roads being increased.

79. What do you mean by the commoners having to make them; is it not usual to sell some part of the land to pay it?—Yes, that would be so; but then, for every acre of land that would be sold to defray expenses, or for road-making in any way, each commoner would get so much less in his allotment; and if the expenses were raised by rate the amount of the rate would be increased.

*Mr. Arch.*

80. I should like to ask you this: supposing that the parish accepted a permanent road, well macadamised, would that add to the benefit of the common in general, that is to say, to prevent a quantity of roads being made, and to prevent the surface of the common being cut up; do you think they would be more satisfied with a good substantial road for the accommodation of all, or would they require so many cross roads?—They certainly would always adopt existing roads; they would not set out new roads unless it was absolutely necessary.

81. But my question is, supposing that a good substantial road is made for the whole of the commoners and the people round, they would not then cut a quantity of roads and spoil the surface of the common, would they?—Certainly not.

82. I have seen a great many commons where there are numerous roads cut in all directions, disfiguring the common?—That may be so in the case of some commons.

83. And you think that people would be satisfied with a good substantial well-made road?—I think so, certainly.

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*Sir James Fergusson.*

84. Is it well understood that the neighbourhood to whom the right of free access is secured includes the inhabitants of the town of Coventry?—I think "neighbourhood" is as wide a term as you can possibly have.

85. It means really the public?—Yes.

*Mr. Burton.*

86. I suppose that these tracks are simply tracks that have been trodden out from one given point to another given point, taking the straightest line between?—In Stoke Green there is a main road running down the centre of it, and on one side there is one farmhouse; but all down the other side there are a number of villas, and the owner of each villa has apparently driven across the common at any place it pleased him, making a little track to his own house.

87. They are made by wheels?—Yes.

88. Is it proposed to forbid that?—Probably what would be done would be to bring a road from the main road round the edge of the common, so as to prevent the centre part from being cut up by roads.

89. I understand that; but would people be forbidden from still taking a straight course across the common?—I should think that they would be, with wheels.

90. It would be in the power of the conservators to make that a bye-law, would it?—Yes, certainly.

91. Then with regard to the brickfield, is there any limitation with regard to an extension of the brickfield; I suppose that they dig out the soil to a considerable depth?—Yes, and it was agreed that it should be extended.

92. That its area should be extended?—Yes.

93. Is it inclosed?—It is inclosed to a certain extent beyond what has been at present worked.

94. To a certain margin?—The fence has been carried to a certain distance beyond the present working.

95. Leaving a margin between the fence and the edge of the fence?—Yes.

96. Are they empowered to dig it up to that fence?—That would be under the management of the conservators; they would have the power of dealing with that.

97. But there is nothing in the scheme to that effect?—Except this: it is in the middle of page 3, in the Provisional Order: "But such lease shall not be exercised beyond what is necessary for the maintenance, improvement, and protection" of the common.

98. I understand that; that is to say, that they would not go on extending the right of digging for bricks beyond the payment that is required for the regulation of the common; but supposing that this brickfield lasts for generations and generations, I suppose it would ultimately very largely extend the area of the pit?—If they were still going on, and the conservators appointed to manage the common allowed it.

99. That was the object of my first question. Have the conservators power indefinitely to extend the pit in the course of years and generations?

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Colonel LEACH and Mr. LEACH.

[Continued.]

*Mr. Buxton—continued.*

rations?—I think there is nothing absolutely to preclude them in the Provisional Order.

100. Then with regard to the marking of cattle, and as to the cattle rights, what is the fee that is charged now?—I think fourpence.

101. Fourpence a beast?—Yes; and there is a small fee the first time that a commoner turns on his cattle.

102. Are they marked once or twice a year?—I think they are marked once a year; but I am not certain.

103. That in fact brings in a very small income, I suppose; the conservators cannot rely upon it for much of an income to assist them?—No.

104. To whom is the right limited of turning out beasts?—It is not very clear. A recent county court decision was to the effect that the right was only in the freeholders of the parish of Stoke; but the general idea before had been that it was in the inhabitant householders.

105. Of ancient inhabited houses of old tenements, or of any new houses that may be built?—The idea was that the right was in any inhabitant householder, whether of an old or of a new house.

106. Within the whole parish?—Yes.

107. Then it is possible that the number having this common right may be largely extended?—It will probably be so.

108. Do you not anticipate some difficulty; for instance, if a large number exercised that right, would it not seriously injure the common in the winter-time?—The valuer will define what number of stock is to be turned out on the common.

109. Then the number that you gave to the Committee just now is not final; it is only the number that are at present allowed to turn out on the common?—The numbers that I gave you just now are turned out according to the present rights or usage, I might say.

110. Could the conservators reduce the number of beasts that each commoner is allowed to turn out; at present I understand it is a horse, a cow, and three sheep, or eight sheep?—Yes, that is so.

111. Have the conservators power to reduce that number?—Not the conservators but the valuer. He would ascertain what number of stock the common would bear, and then he would divide that number amongst the persons entitled to it.

112. How are the conservators elected?—Out of the persons who are interested in the common.

113. And by them?—Yes.

114. With regard to the cricket, is the use of the cricket ground limited at all, or is it proposed to be absolutely thrown open to the public?—The conservators would have the control over that; the intention was that the clubs in the parish of Stoke should be allowed to play.

*Mr. Buxton—continued.*

115. This is rather an important question; have they power under the scheme to allocate certain parts of the pitch to particular players?—The pitch is so small that they would hardly do that; they would have to arrange it, as is done in other cases; certain clubs would have to play on certain days.

116. Could the pitch be extended, in order to give a certain pitch to each club, and allow that club to keep it in order?—There would be great difficulty in doing that. I tried to see whether a larger extent could be obtained, and I did not think that it could be done.

117. Then, practically, there is not room for more than one match to proceed at a time?—Not unless the whole common was laid out as a cricket ground.

118. Does the nature of the ground admit of the cricket ground being extended; is it fairly level?—No, a good deal of it is old ridge and furrow.

*Sir Henry Selwin-Ibbetson.*

119. You said that the conservators naturally were elected by the people interested in the common?—Yes.

120. Are they elected annually or for a period?—The first conservators are generally appointed at a meeting held to consider the valuer's award, or rather his report, which finally becomes the award, and their names are inserted in the award. Then after that the award contains provisions for their annual election.

121. Are they all annually elected, or do a certain number of them go out by rotation?—A certain number retire each year.

122. And they have the management of the common, and for that management the fee is set apart, and also the rental of this brickfield?—Yes.

123. And they are entirely dependent upon that for the means of regulating the common?—Yes. Then they would also have power, if additional funds are required, to rate the persons interested in the common.

124. They have additional power by the scheme to rate, if the brickfield failed to supply the deficiency?—Yes.

*Chairman.*

125. Only one question arises out of the examination, and that is, from what Mr. Buxton asked you, about the extension of a pit; I presume that, in a pit like this clay pit, any clay taken out at the other end of the pit would be filled up, so as to make the surface of the common even, so that the size of the pit would not be larger than it is at the present moment?—I think it would be so; I think the tenant at present is under that obligation.

126. To fill in as he goes on?—Yes.

*Mr. JOHN GULSON, called in; and Examined.**Chairman.*

127. I THINK you are a Justice of the Peace, and you live at Stoke?—That is so.

128. Do you live on the common or near the

*Chairman—continued.*

common?—I live near the strips, not near Stoke Green or the other part of the common, about three-quarters-of-a-mile from Stoke Green.

129. But

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Colonel LEACH, Mr. LEACH, and Mr. GULSON.

[Continued.]

*Chairman—continued.*

129. But you have a thorough knowledge of the common in all its various aspects?—Pretty well.

130. Have you lived long at Stoke?—I live about half the year at Stoke, and half the year at Coventry.

131. Have you lived there many years?—For 10 or 11 years I have resided there.

132. Then you know pretty well the feeling of the neighbourhood with regard to the regulation of this common?—I do.

133. Is it generally thought that it would be a great advantage to the neighbourhood that this common should be regulated?—That is the general opinion.

134. Are you the owner of any rights upon the common?—The same rights as other freeholders only.

135. And what do you claim to be your rights upon the common?—I believe I could turn one horse, or a cow, or eight sheep on the common.

136. A cow and three sheep, it says here?—That may be so.

137. When you turn a horse out, your horse is marked, I presume?—Yes.

138. And what do they charge you for marking that horse?—I never did turn a horse out, but I believe the fee is a very small one.

139. Should you say sixpence?—I think there is a small marking fee and a fee for turning out; I think it is something like 5s. for turning out.

140. But that 5s. is only when a copyholder or owner turned out for the first time, I believe?—Quite so.

141. Have you ever exercised your rights?—Never.

142. Are there many cattle or horses or sheep turned out upon the common?—Yes, a good many; I can hardly say how many. I should think, perhaps, something like 30 cows, at a guess.

143. And any sheep?—Yes, some sheep.

144. Fifty sheep, would you say?—I should say hardly so many.

145. And any horses?—Yes.

146. And do you think that the rights which the Stoke people have now acquired would be used at all by the occupiers of the houses in Stoke, who the other owners of rights have agreed shall have the same rights as themselves in being able to turn out stock upon the common?—They would probably exercise them to the same extent as is now done.

147. Therefore the conservators would be well able to regulate the number of cattle, sheep, and horses that could be turned out, in the best interests of all those who are entitled to turn out?—Practically the number regulates itself, because it is not worth the while of any man to keep a horse or a cow for the sake of turning it out upon the common for the whole year. Unless he has some land it is hardly worth his while to keep cattle purposely to turn out upon the common.

148. He would not keep cattle to turn out upon the common unless he had some other place in which he could put those cattle in the winter?—It is so generally.

149. What I want to put is this: do you think that these 300, which Mr. Pemberton Leach said

0.72.

*Chairman—continued.*

was about the number, would exercise any rights upon the common at all?—It practically amounts to this: that if a man sees that there is plenty to eat on the common he will use his privilege to a certain extent; but if there is nothing for them to eat he will not do so.

150. And of course proper arrangements, as you are aware, would be made by the conservators so that an excess of stock should not be turned out upon the common?—That would be so.

151. Did you attend the meetings?—I attended one.

152. Was that the morning or the evening meeting?—I attended in the morning.

153. Was it what you may call the unanimous feeling of the meeting that the commons should be regulated?—I think the feeling was very unanimous. There was a memorial presented by some of the freeholders in favour of field gardens, but that was afterwards withdrawn; they were convinced that it would be better that the common should remain entirely open.

154. Now, with regard to the green; you know the green?—I do.

155. There are houses on each side of the green, as I understand?—Yes.

156. Would it be an advantage that there should be a road made on each side of the green, so as to prevent those living in the houses from driving across anywhere they please, and so spoiling the green for other purposes?—I am not sure whether it would be a great advantage; there are cross roads, I think, to each house as it is, and, practically, the turf is not very much cut up by driving over.

157. And the common is very dry?—It is a fine dry soil; it is mostly a sandy subsoil underneath.

158. Do you come here generally to represent the interest of Stoke and the neighbourhood?—I come here to answer any question that may be put to me regarding it.

159. Did you come by yourself or were you asked to come?—Mr. Wilkes asked me if I would attend this Committee to speak as to the general feeling of the people.

160. And you are speaking of the general feeling?—Yes; what I believe to be the general feeling of the inhabitants.

161. Is there any remark that you wish to make to the Committee upon the proposed regulation?—I think not, excepting that it is thought that the change would be a very desirable one, and more particularly as ending disputes which have arisen as to the common rights and the settling of various interests of the freeholders and inhabitants in the commons.

162. And also enabling such a club as the Victoria Cricket Club and others to play their games of cricket at a seasonable and proper time to do so?—Yes, quite so.

*Mr. Buxton.*

163. Is any power taken under the scheme to inclose temporarily for the purposes of planting?—I think not.

164. Do you think it would be any advantage to have such a power?—I doubt if it would; there are some trees planted by the side of the turnpike road on Stoke Green.

165. But

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Colonel LEACH, Mr. LEACH, and Mr. GULSON.

[Continued.]

*Mr. Buxton*—continued.

165. But I suppose that, unless they were protected up to a certain age, the cattle would injure them?—That is so; they are protected.

166. Do you think that the income available would be sufficient for the support of the common, for the maintenance of the common?—That I hardly know; it depends somewhat upon what is done.

167. It seems very small, so far as it has been laid before us at present; the income is solely derived from the brickfield, and from the fees on the marking of the cattle, is it not?—And from a limekiln; a piece of ground is let with the privilege of burning lime; I think that brings in about 30 *l.* a year.

168. You think that, under the limitations of the scheme, that income which is derived from the bricks and lime will be sufficient to maintain the common?—Of course it depends upon what is done to the common.

169. That would not give much for making of roads?—No, I do not think it would make the roads; it is a small income for the space of ground.

170. But I suppose that the general wishes of the inhabitants would be met if the common is simply kept as an open space for recreation?—That is the feeling.

171. And that would not be very costly?—No.

172. You spoke of the disputes as to common rights; what did you mean by that?—There has lately been, at no distant time, I think, an action pending by some person who claimed, as an inhabitant, the right to turn out cattle. It is not very clearly defined whether the right to turn out cattle belonged to the freeholders and 10 *l.* householders, or to the inhabitants generally.

173. Is there any limitation that a person must have a place where he can turn his beast in the winter?—No.

*Viscount Lewisham.*

174. I did not quite catch your answer in referring to the meeting which you attended; did I correctly understand you to say generally that it was unanimous in favour of the scheme?—Yes.

175. Was there any opposition?—There was no other opposition that I recollect than the memorial that was presented in favour of setting apart some portion of the common for field gardens.

176. Was that memorial presented; was it moved and seconded by anybody present at the meeting, or was it merely handed in to the chairman?—I do not very clearly recollect; I think it was only handed in to the chairman.

177. And it was withdrawn?—It was withdrawn, I think, at the time.

*Mr. Jasper More.*

178. Did there appear to be much stock on the common, when you visited it?—No, I do not think it is overstocked, as a rule.

179. Do you suppose this man who receives the fees limits the amount of stock turned upon the common to the eight sheep, or the one cow and three sheep, or the one horse for each per-

*Mr. Jasper More*—continued.

son, or does he let any of them turn more stock upon it?—That I cannot say, but I should think not.

180. Did you hear any complaints of other people's stock getting upon the common?—No, I have not heard of such complaints. I think that the freeholders would look after their interests in that respect.

181. Could he increase the income of the common by allowing more stock to come upon it?—No, I do not think so; I think that the common is as well stocked as is profitable to those who turn their stock upon it.

182. Although only a small proportion of the 300 turn their stock upon it, according to you, would it be possible to make a larger income out of it by letting more stock go upon it?—I do not think so, because, as I remarked, it regulates itself a good deal in this way: if the common is eaten so bare that there is nothing for the cattle to eat, of course those who have the right rather withdraw their cattle than otherwise.

183. My object is to know whether this common is turned to the most profitable account. I want to know, in the first place, whether this man who takes the fee is able to see that none of those people turn on more than their proper amount of stock, and whether, if he does not, it would be possible for him to get more stock upon it, and increase the income. The income upon it appears to be small; would it be possible for him to increase the income of the common in that way?—I do not think so. I do not think that it would be profitable for those who had the common right to turn out more cattle than at present find a living.

184. But is it your opinion now that no other people's cattle come on this common? It is generally the complaint that other people's cattle get on to a common; do you suppose that if this man who takes the fee were the only conservator of the common he would be able to keep off other people's cattle?—I do not think he would be able to do so; but I think that the jealousy of those who have common rights would detect cattle that did not belong to the freeholders.

185. We find, certainly, in some parts of the country, that other people turn their cattle on at night, and that is one of the chief reasons for wishing to protect the commons; you think that that is not the case here?—I do not think it would be so. It is possible that cattle might stray on to these commons.

186. Do you think that the commoners are sufficiently interested in the common to take care that other people do not send their stock on?—Yes, I think that would be a protection to the common.

*Mr. Story-Maskelyne.*

187. With regard to that opposition which was raised by some of the inhabitants who wanted field gardens, what proportion of the common did they ask for for that purpose?—I do not think that they stated any proportion, but not to any great extent.

188. Presumably they would pay for it?—Yes, it was for the poorer inhabitants that they asked for it.

189. But

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Colonel LEACH, Mr. LEACH, and Mr. GULSON.

[Continued.]

*Mr. Story-Maskelyne*—continued.

189. But they would nevertheless have paid rent for the ground?—Yes, they would.

190. Was there any other part of the common which they would have had in that way without interfering with the use of the common otherwise by the public?—I rather doubt whether there was.

191. It might have been somewhat a source of income, might it not, for the purposes of the common, making roads and so on?—Yes.

192. But otherwise it was not much wanted. I presume they can get land elsewhere in the neighbourhood?—Yes.

193. The landlords will let them have it, I suppose?—That is so.

*Mr. Walter James.*

194. Who were the memorialists for the field gardens?—They were some of the poorer freeholders.

195. Labourers and bricklayers, for instance?—Some of them were labourers, and some rather above the class of labourers.

*Mr. Arch.*

196. I understood you to say, in reply to a question, that the receipts from the sale of clay, brick and lime would be able to meet the expenses of the maintenance of the common?—No, I do not know that.

197. You do not think they would?—Of course it would depend upon what was done with the commons; practically, I suppose, they would not expend more on the commons than they would have income to meet, unless it was considered so general an improvement that subscriptions would be volunteered for a general improvement.

198. And unless the decision of the county court, or rather is the decision of the county court acted upon, that no one can turn out but freeholders?—No, it is not acted upon.

199. Then every householder has the right to turn stock on the common if he chooses?—Practically I think now that nearly every inhabitant is supposed to have the right to turn; it is decided by the committee; the tendency of the committee has been to be very liberal in allowing all claimants to turn out.

200. Supposing every householder were to turn out his full complement of cattle, the common would not be large enough to sustain them?—No.

201. Supposing a poor man said, "Virtually I have a common right, but I cannot avail myself of the advantage of it because I cannot buy a horse or a sheep;" how is he going to have his benefit out of the common if he has not the means to buy the stock to turn upon it?—He gets no benefit; there is no other advantage; he cannot transfer his privilege to another.

202. Then, of course, his poverty places him out of taking advantage of his common right, so a common right to him must be a mere sham?—That is so.

203. Ought there not to be some privilege given to the poor people who have not the means of buying a horse or a cow, so that they should have some advantage from the common as well

0.72.

*Mr. Arch*—continued.

as those who are fortunate enough to have the means?—Well, it is a similar privilege to that which is enjoyed over the commons of Coventry, that of turning out; I suppose it is from the bequest of those who left the land.

204. But every householder I understand you to say has the right to turn upon that land?—Supposing it to be conceded that every householder has, as I said, it is a subject that is in dispute.

205. At all events every commoner has the right?—Yes.

206. But my point was this: supposing you have a certain number of commoners who are so poor that they are not able to buy a cow, or a horse, or a sheep, the consequence is that they get no benefit whatever from the common?—That is so.

207. But their more fortunate neighbour, who has sufficient means to buy these animals, gets the benefit of the common, while a poor commoner reaps no advantage at all?—Yes, that is so.

208. Of course that is giving to him that hath, and allowing nothing to him that hath not. Do not you think that some provision should be made whereby the poorer class of commoners should reap some benefit?—I suppose it was so bequeathed by those who left the common lands, left those rights.

209. I am not speaking of the bequest; I am speaking of the present state of things; the present state I understand is that the poorest commoner fares the worst, and the better to do commoner fares the best?—It is so; that those who have no cattle to turn on the common have no other right in respect to the common, except that of enjoying it as an open space.

210. He can walk about on the common and see other people enjoy their rights?—Yes.

*Sir Henry Selwin-Ibbetson.*

211. It would be in the power of the conservators, I imagine, so to regulate the turning out that they might limit the pasturing of animals at a certain time of the year?—Yes, I expect it would.

212. Because the danger there seems to be that, with a large number of people exercising the right, probably at once, in order to get the pasture while it was good, they might do an injury to the common altogether; supposing the whole 300 turned out their whole quantum on the common at once, it would come to the condition that they would not care to turn out, because the grass would be injured?—Yes, and that regulates the number, practically.

213. Therefore, it is in the hands of the conservators to make such rules as to maintain this common and pasture properly, and yet to give the full rights to those who have the rights?—Yes.

214. And they may regulate it by increasing the fee for pasture, in order to meet Mr. Arch's difficulty?—Yes.

*Chairman.*

215. (To Mr. Pemberton Leach.) I believe you wish to make some addition to your evidence?—I said that I would get information as to the number

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Colonel LEACH, Mr. LEACH, and Mr. GULSON.

[Continued.]

*Chairman*—continued.

number of inhabitant householders in Stoke. According to the last census there are 327 inhabited houses in Stoke, and the consent to the Provisional Order was given by 225 of those 327, besides a large number of freeholders, who are also inhabitant householders.

[The Witnesses withdrew.]

The Committee-room was cleared.

After a short time the parties were again called in.

*Chairman.*] The Committee are unanimously agreed, with regard to Stoke Common, that the Provisional Order ought to be confirmed without modification.

## TOTTERNHOE.

Colonel G. A. LEACH, called in; and Examined.

*Chairman.*

216. I THINK you are one of the Land Commissioners?—Yes.

217. Have you got the map of Totternhoe Common, in the county of Bedford?—I first placed before the Committee the Ordnance map, on the scale of one inch to a mile, to show the locality. Here is Dunstable, with 4,000 inhabitants, and Houghton Regis, Leighton Buzzard, and Luton, all within the neighbourhood. The red colouring represents the lands to be regulated, and the green the lands to be inclosed, and the green lands are, as the Committee are aware from the Report, what are called common field lands.

218. This is a different common in this respect from the rest?—Yes. I have had made and brought with me a tracing from the tithe map of part of the common field land to show the way in which the land is divided. It shows the numerous strips referred to in the Report, and these strips are all in the hands of different owners, as it is mentioned in the Report of the Commissioners: "The holdings in the arable fields consist of a number of small strips dispersed all over the fields; for example, one estate of 44 acres consists of 59 separate strips, some of which lie two miles apart." The whole field is divided as shown in this tracing.

219. Just let me ask you one question, which I think is pertinent here. This common field land is not like ordinary common land, but is only available after the crops are taken off for those owners and occupiers who are interested in that common field land?—That is so; the common field land is arable land, and the owners of the strips in the common fields have certain rights of pasturage after the crops are taken off from the arable land; therefore, it is not a common in the ordinary sense of the word at all; it is arable land held in a very peculiar way, as the Committee will see from this tracing. It is an extremely disadvantageous way, and almost impossible to cultivate the land so held to advantage.

*Mr. Walter James.*

220. It is the oldest form of English tenure, is it not?—Yes, it is; no doubt it was originally constituted to give each man a portion of each quality of land.

221. What is the area of it altogether?—The area of the common fields is 1,700 acres, and the area of the land to be regulated is 234 acres; it is a very large area.

*Chairman.*

222. There is one other question which I wish to ask you; we have inclosed in several instances land of this kind, and so far as you are aware it has been the greatest benefit, has it not, to the occupiers and the neighbours?—Certainly; it must be so: the Committee have never refused to inclose in the case of common fields. I have in my hand another map on a large scale, a sketch map, attached to the Provisional Order, but it is very bulky. The Committee probably would not refer to that with any convenience; therefore I have also had prepared a map on the six-inch scale; the Ordnance six-inch map, which shows the village and the position of the neighbouring town of Dunstable. The Committee will have before them the Mayor of Dunstable, who will express his opinion as to the inclosure. The lands tinted on this map brown, are the arable lands to be inclosed; the light green lands are the lands to be regulated; and these darker green strips are the lands which have been added to the lands to be regulated, which includes a part of the Castle Hill (*explaining the same*).

223. Why were these strips added?—A committee was appointed in the interests of the neighbouring towns with respect to these matters, and these were some of the things they wished to be done.

224. So the public would have the opportunity and advantage of walking and going over these strips?—Yes.

*Mr. Buxton.*

225. Are they what are called baulks?—No; baulks are very narrow strips between the different holdings.

*Mr. Story-Maskelyne.*

226. I presume that if those are all Roman roads, the public in all probability have the right now to go upon them; you are assigning no new right?—They would no doubt have a right to go upon such as are public roads, but not on the wide green strips at the sides of them.

*Chairman.*

227. Is there any land set out for field allotments here?—There is a very considerable area set out for field allotments. The Provisional Order provides, "That 25 acres be allotted for field gardens as follows; that is to say: At Church End,

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Colonel LEACH.

[Continued.]

*Chairman*—continued.

End, at or near the spot marked D. on the said map, 14 acres. At Lower End, at or near the spot marked E. on the said map, 11 acres."

228. How are they coloured on this map?—I am afraid they are not coloured upon the map. This is the land referred to in the Report, to be exchanged; the railway runs through the Cow Common, and severs portions of the land to be inclosed, and the Cow Common; and it is desired to exchange a portion on the west side of the railway for these yellow portions on the east side of the railway, so as to bring the Cow Common, together, and the lands to be inclosed together (*describing the same*)

229. Have you any other remark to make?—I should like to make a remark about the objection. The Committee have received an objection, which is in print, from Mr. Cartwright, on behalf of Mrs. Toll and Mrs. Cartwright. They object to the regulation of the land adjoining the Castle Hill. The Commissioners considered that it was very necessary that this land should be part of the land to be regulated, and they declined to inclose it for the reason stated in the last paragraph but one of their report. "The only objection raised was on behalf of the owners the common field land in which the camp is situated. They wished that such land, instead of being kept open, under regulation, should be inclosed and allotted, so that they might deal with it as they pleased, and possibly build upon it, which they would be enabled to do in case of its inclosure, because it would most probably be set out in severalty to them as owners of the adjoining land. But in the public interests we did not feel warranted in giving our sanction to its inclosure, but have included it in the land to be regulated." If the Committee will be good enough to refer to the objection, they will observe that it is admitted that it is subject to rights of common of sheep pasture; the question with the Commissioners was whether they would sanction the inclosure of that particular portion of the land.

230. How much is that particular portion?—That particular portion is about five or six acres.

231. Which is the exact piece?—The land adjoining the camp:

*Mr. Walter James.*

232. What is the knoll?—I presume the Castle Hill.

*Mr. Buxton.*

233. What is the distinction between the dark green and the light green?—The dark green has been added to the land to be regulated. At first the application was made that that should be part of the land to be inclosed, but we considered, after hearing all parties, that it was desirable that portion coloured dark green should be regulated instead of inclosed.

*Mr. Story-Maskelyne.*

234. Is the light green to be inclosed?—No. It is to be regulated.

*Sir Henry Selwin-Ibbetson.*

235. So that the dark green was originally in the same position as you have now left the 0.72.

*Sir Henry Selwin-Ibbetson*—continued.

brown?—It was. There are some trees along this steep bank falling from the Castle Hill towards the village.

*Mr. Buxton.*

236. Is there any distinction in point of right, between what is marked as the camp, and that which is to be inclosed?—The same parties have rights over it.

237. Have the same class of persons the rights over the camp as they have over the brown?—All the lands are subject to the same rights except the Cow Common; the Cow Common is subject to different rights. I had better read the paragraph of our report referring to the right of the land to be regulated, which will be found near the bottom of the first page. "The Common rights upon the Downs, the Castle Hill, and Whipsnade Heath, belong exclusively to the owners, about 40 in number, of the strips in the Common Fields. The rights are exerciseable at all times of the year, but only sheep may be turned out to graze. The Cow Common is subject to different rights, 54 in number, which were originally all appurtenant to other land, but are now frequently held in gross, irrespective of the ownership of land. These rights belong to 18 persons who are entitled in respect of each right to depasture two cows and three sheep during stated seasons." There is another objection which has been made by Mr. John Batchelor, which will be found in the second page of the objections. He says that "The way from Well Head to the Downs, if set out exactly as indicated, will be useless to the farmers, as a field-way to the public, as a way of communication with the Downs." That way is shown upon the map, and is one of those which it was particularly insisted upon should be kept open, the Mayor of Dunstable will explain that to you. It is an old way, and they considered it desirable that this road should be maintained.

*Chairman.*

238. It is a drift way, I presume?—Yes. Then the second point of his objection is, "We ask that the crooked boundary at the lower margin of the Downs near to the aforesaid way, the rifle range and Panscombe Pit, be regulated." The crooked boundary which is referred to is on the west side of the Common, and there will be no difficulty, and probably that will be done in carrying out the regulation; exchanges will be made to make the boundary straighter; that will be done by the award after the Provisional Order is confirmed. The third point is, "We ask that the children of Totternhoe and neighbourhood be allowed to retain their existing right of bathing in the streams, which here constitute the source of the Ouse." I need hardly explain to the Committee that the inclosure or regulation does not touch that in any way.

*Mr. Walter James.*

239. What does this objection of Mr. John Batchelor represent?—We have not the smallest idea whom he represents; this is the first time we have heard of him.

240. Did

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Colonel LEACH.

[ *Continued.* ]*Chairman.*

240. Did he appear before the Commissioners? —I do not think he did.

241. Is there anything else you wish to say? —There is the fourth point: "We ask that there be retained the existing right of the poor to dig on the Downs what is here called "hard stuff," a material much used for the foundations and sides of roads." The poor are not likely to want to make roads, but there is reserved in the Provisional Order to be found in the last page, page 7, "That a quarry and chalk pit for the supply of materials for the use of the allottees under the inclosure upon their respective allot-

*Chairman—continued.*

ments, and on their old inclosed lands within the parish of Totternhoe, but not otherwise, or for sale be set out to the satisfaction of the said Commissioners," and the people in the neighbourhood, as, I think, the Mayor of Dunstable will explain, think it would be extremely unsatisfactory that anybody should have the power of disturbing the surface of the Downs, or opening the surface for the purpose of obtaining material wherever they thought fit; it would materially injure the enjoyment of the Downs and the regulated lands by the public.

Mr. GEORGE PEMBERTON LEACH, called in; and Examined.

*Chairman.*

242. I THINK you are the Assistant Commissioner who was sent down to inquire into the case for the regulation of Totternhoe Common, in the county of Bedford?—Yes.

243. Of course, before you went down, the proper consents had been given?—Yes.

244. When did you hold the first meeting, and where did you hold it?—In the school room at Totternhoe, on the 13th January last.

245. Were there many attended that meeting? —About 50 attended the morning meeting.

246. What class of people were they that attended?—Several members of a committee appointed by the inhabitants of the neighbouring towns to watch over the inclosure, and a large number of the farmers in the district principally.

247. The people to watch over the inclosure, I presume, came from Dunstable, Luton, and those towns around?—Dunstable, Luton, and Leighton Buzzard.

248. When did you hold your second meeting? —A week afterwards, on the 20th, at seven o'clock in the evening. There was a good deal of snow on the ground when I held the first meeting; and, therefore, I postponed the inspection of the common, and the evening meeting for a week.

249. Where did you hold the evening meeting?—In the same place.

250. How many people attended that meeting? —About 100.

251. And what class of people were they that attended the meeting?—Much as before, but with the addition of a large number of labourers.

252. Were the labourers much interested in the inclosure?—No; I think the interest came more from the inhabitants of the neighbouring towns.

253. I asked you with regard to the inclosure, that is the common fields; were they interested at all in that inclosure?—They would have no direct interest in that.

254. Quite so; I merely asked the question whether they were interested in that part of the inclosure, or whether they were not?—They were not.

255. They were interested in the regulation of

*Chairman—continued.*

the other portion of the common, were they not? —There was not much distinction between the two; it was all treated as two parts of one scheme.

256. Granted; but they are two distinct and separate things absolutely, are they not?—Yes.

257. Common fields have no analogy at all with regard to the remainder of the common which you propose to regulate?—That would be so.

258. I asked you whether they took an interest in the inclosure and in the regulation?—They expressed satisfaction with the proposals that were made. The arrangements were made before the evening meeting. As I had heard the views of all parties at the morning meeting, and during my inspection of the commons and the neighbourhood, I was able to state generally what the effect of the inclosure and regulation would be, especially as regards provisions that were to be made for the benefit of the neighbourhood.

259. Take the inclosure first. The reason I asked the question was that I think the sum total of the land to be inclosed is 1,700 acres?—Yes.

260. And many of the labourers who would naturally work for the same man upon his different strips would have a long way to go from one strip to another?—They would, undoubtedly.

261. And therefore it would be very much to their interest if their employer had the land on which they worked concentrated?—No doubt it would; that did not seem to have occurred to them.

262. You are perfectly aware, no doubt, that these common fields have no rights attached to them, excepting to the person who uses those common fields?—That is so.

263. That is to say, the public have no right to go on those common fields?—No.

264. The occupiers and owners of the common field land have a right, after the crops have been taken off, of going upon those common fields?—Yes.

265. And the great object of the inclosure is to give to each man his piece of ground as near and as convenient as it is possible to get it?—That is so.

266. Then, with regard to the owners and occupiers of the common fields, I presume that there

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*Chairman*—continued.

there was but one opinion: that it was a great advantage to have this inclosure carried out?—That was so, with one exception, to which Colonel Leach referred just now.

267. Now we come to the regulation, and I see that consists of 117 acres, that the Castle Hill is 12½ acres, and the Cow Common is 38 acres, and the Whipsnade Heath has a total of about 16½ acres, making in the whole about 184 acres?—Yes.

268. You propose to regulate the whole of that?—The whole of it is to be regulated.

269. The land is subject now to rights of common exclusively for sheep, I think?—Yes.

270. And there has been an objection to a certain portion of that land being enclosed, viz., a portion of that adjoining the Castle Hill, which they wish to have in severalty?—Yes; I was not quite correct in saying the right is exclusively for sheep; parts of it are for cows.

271. That is the Cow Common?—Yes, and parts of the other.

272. I want to deal with the Cow Common presently; that is a different tenure altogether, is it not?—Yes.

273. You carefully examined that question of the Castle Hill, did you not?—Yes.

274. And your objection, as I understand from Colonel Leach, was that you thought it would be a most unfair thing that any portion of that common, which the public have enjoyed, and which would be a benefit to the public, should be inclosed absolutely and not put in for regulation, the same as the rest of that common land?—Yes; directly I saw it it occurred to be the most suitable place in the parish for a recreation ground, independently of its being connected with the Castle Hill, which is an old British camp; in fact, this level plateau of four acres was evidently part of the old camp. I do not know whether the camp is marked upon the map as an old camp.

275. No, it is not marked?—I have got a tracing here from a print in Lyson's "Britannia," which shows the Castle Hill and what is called the Camp (*handing in the same and explaining it*).

276. It is proposed, of course, to preserve this intact as it stands?—Yes, and to include the camp which was originally grass, but which has been ploughed up within the memory of the present generation.

277. What is the area of this?—About four acres.

*Mr. Buxton.*

278. That is the piece to which the petition refers?—Yes.

*Mr. Walter James.*

279. There is no building on that?—No.

*Chairman.*

280. How far is that from the village of Totternhoe?—It is very close to it; it rises up above it.

281. And is it a very general resort for the people of Totternhoe and that neighbourhood?—Not only for the people of Totternhoe, but the  
0.72.

*Chairman*—continued.

people in the neighbouring towns; it is a very favourite picnicing place.

282. Do the neighbouring towns use this common very much?—They said they did a good deal.

283. I suppose Dunstable specially being close would use it a good deal?—Yes, Dunstable especially.

284. How far is Dunstable from Totternhoe?—Not a mile from the nearest part of the common.

285. Both Dunstable and Luton are to the east of Totternhoe, are they not?—Yes.

286. There is a very large population, is there not, about there?—Yes, very large.

287. What are the residents in Totternhoe?—They are almost all agricultural, but some few of them are employed in the straw trade.

288. How many cottages are there in Totternhoe?—One hundred and seven, I think.

289. I see that the population is put down at 707?—Yes, that was taken from the last census.

290. Are there any recreation grounds set out?—Yes; the camp and all the part round it will form one recreation ground; and there is also a cricket ground at Church End, of six acres, to be set out.

291. That is just outside the common fields?—Yes.

292. Is the cricket ground to be a portion of the common fields?—Yes.

293. That has been assented to?—Yes; it is close to the village; it is a level piece of ground, and the most suitable place that I could find.

*Sir Henry Selwin-Ibbetson.*

294. Is that on what is called the Church Farm?—No; the actual piece of ground is just in this corner (*describing it*).

*Chairman.*

295. Then, as I understand you, you have set out the Castle Hill, and the piece of ground at Church End, out of the common fields for recreation grounds?—Yes, that is so; a recreation ground for each of the two centres of population in the village; it is a long straggling village, but there are two main centres; and there is also a playground of an acre to be set out for the parish school.

296. Where is the parish school?—Nearer Church End, but between Church End and Lower End.

297. And that one school supplies the whole parish?—Yes.

298. Is it a board school?—No; I think it is maintained almost entirely by Lord Brownlow.

299. And you have set out an acre entirely for that?—Yes.

300. And they will be able, of course, to get down to the cricket ground?—Yes; it was suggested to me by the vicar that, as the playground they had at present was a strip on the opposite side of the road, it might be convenient if they could have a playground of their own, so that the children should not be perpetually crossing the road; and that proposal was at once assented to by the persons interested.

301. Where do you propose to lay out the field gardens?—In two places certainly; one at Church-end,  
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[Continued.]

*Chairman—continued.*

Church-end, close to the recreation ground which I have pointed out, and the other at Lower-end; but if they find other places more convenient, the valuer will have power to alter the position of part of those gardens to bring them as close as possible to the cottages.

302. How many acres do you propose to set out?—Twenty-five.

303. Is that 25 acres set out of the common fields, or out of the regulated ground?—Out of the common fields.

304. Is it the fact that the owners of the common fields have agreed to give 25 acres of land for allotment gardens, and have also agreed to give five or six acres of land for a recreation ground?—More than five or six acres; there is the six acres at Church-end, and four acres for the camp, and an acre besides for the school; it is 11 acres altogether.

305. I understand, then, that the four acres at the camp is a part of the common that is to be regulated, and not the part that was held by separate owners before?—It does form part of the common field, but it is not set out specifically as a recreation ground, although practically it will be a recreation ground.

306. Now the Cow Common is subject to different rights, 54 in number?—Yes.

307. And you propose to regulate it the same as the other?—Yes.

308. With this exception, I presume, that those people who have rights upon the Cow Common, will still maintain those rights, and the conservators will arrange what those rights are?—Yes, it would be so; I think they are known at the present time, but they will be defined by the valuer.

309. I see that right across the common fields which are to be inclosed there are certain strips coloured green which, I presume, are set out to be open to the public, and for driftways, if necessary?—Yes, they are at present existing driftways of varying width, some of them as much as 30 yards wide. They are simply to remain in their present state.

310. To be regulated and improved?—Yes, so that the conservators will have power over them with a view of maintaining them in their present state, and giving the public free right of access over them.

311. There is a question which has been raised with regard to the public digging upon the regulated land. As I understand, you reserve one particular portion of the land where the hard chalk is dug from, which is used for making the roads. That is to be reserved for those who wish to mend their roads in the common fields and elsewhere?—Yes. The valuer is to have power to set out a space where the owners and occupiers of land are to get chalk for use on their lands.

312. Whereabouts is the pit which is set out? Is it at the most convenient place?—That is not set out yet.

313. That has to be left for the parish to set out hereafter?—At present the only provision that is made is, that the surveyor of highways is to have power to get flints from Whipsnade Heath for the repair of the roads, restoring the surface when they have got the flints.

*Chairman—continued.*

314. What do you propose to do with that in the future? By your scheme are they to be allowed to get flints from under the surface, covering the ground in again?—Yes.

315. Wherever they please, or where the conservators order it?—The area is very small; it is only 16 acres.

316. Do you propose to set out any roads?—Roads are to be set out as may be found convenient.

317. Is it likely there may be any necessity for roads for this part of the common that has to be regulated?—No, I should think not over the part to be regulated unless there may be some connecting roads required.

318. Will it be necessary to make a road through the inclosed land; the common fields by Whipsnade?—Some roads will probably be necessary, but not to any great extent.

319. At whose expense will those roads be made?—At the expense of the commoners.

320. Of the whole commoners or of the common field owners?—Of the common field owners, I should say.

321. These roads Colonel Leach and the Commissioners will submit to the parish for approval?—Yes.

322. If the parish do not approve those roads will not be set out in the way suggested?—That is so, no doubt.

323. As I understand your evidence, all the people, beginning with the common fields, are most anxious that their common fields should be got together. Between each little piece of ground I understand there is a baulk or bank?—Sometimes there is and sometimes there is not. The baulks in this case are not universal.

324. They will be done away with, and the people will have their land altogether, which will be a very great advantage, and to which they all consent?—Yes.

324\*. With regard to the regulation question, I understand the whole of the parish of Totternhoe and the neighbouring towns around are most anxious the regulations should take place?—Yes.

325. And, in your opinion, it would be an advantage to the whole country that the plans as proposed by the Commissioners should be carried out?—Certainly, and the representatives of the committee expressed their gratitude for the concessions which had been made, and the way in which their views had been met.

326. Who were those representatives; were they from all classes of the people?—They were principally members of the corporations of the different towns.

327. That is to say, the people in the neighbourhood representing the various interests of the neighbourhood?—Yes.

*Mr. Walter James.*

328. Who is the lord of the manor under this inclosure?—Lord Brownlow.

329. There was some correspondence, was not there, in the papers in the course of the winter in a hostile sense to these schemes?—I believe there were several letters which were written under an entire misapprehension of what was intended under the scheme.

330. What was the nature of the objections in that

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[Continued.]

Mr. Walter James—continued.

that correspondence?—I can hardly say; I saw some letters.

331. They were not from persons who were well acquainted with the circumstances of the locality; they were more of a general character?—Any letters I saw were evidently written by persons who were ignorant of the locality, and ignorant of the provisions of the Inclosure Acts.

332. In the event of this scheme being approved by the Committee, who would be the conservators of the new regulations?—They would be persons chosen by those interested, and having rights of common over the land which is to be regulated, out of their own body. That is necessary under the Commons Act of 1876, because no rate can be made under the provisions of that Act, except by persons interested in the land. Therefore, as it at present stands, the conservators must be almost, of necessity, persons interested in the common.

333. Would there be any representative of the local authorities of Luton, Leighton Buzzard, and Dunstable?—No, I do not think there would, because they have manifested no desire to contribute to the expense of the regulation.

334. If they contribute to the expense of the regulation, that would give them some sort of *locus standi* for being elected as conservators, would not it?—No, I think not. They would then be in a position to take interest in the matter; but I do not think under the Act any power is given to appoint them as conservators.

335. Supposing the local authority at Luton were to contribute to the expense of the regulation, would not they be able to nominate some person from their local body to be one of the conservators?—The provisions on the subject will be found in the 8th section of the Commons Act, 1876.

336. Then the future conservators of the common would be persons who were directly interested in the common rights, or as owners of the common fields?—Yes.

337. How many owners are there in the common fields?—Forty.

Mr. Story-Maskelyne.

338. Is the land pretty equally distributed, or are there a few who have a great deal of land, and others who have very little?—There are some large owners.

339. How many of those 40 owners are there who possess more than a few acres?—A very large proportion is owned by Lord Brownlow.

340. What proportion, do you know?—More than half.

341. Two-thirds?—Quite two-thirds; in fact, I think even more than that.

342. In fact, out of the 1,700 acres, perhaps 1,200 acres is owned by one owner?—Yes, I should think so, quite.

343. We are told that the public have no right at all upon this land at any time; during the months when the land is not arable, has the public no right, and has it never had any habit of going over those fields and considering them like an ordinary common?—They certainly would have no right, and, from what was stated at the meetings, it did not appear that the public had been in the habit of going over them.

0.72.

Mr. Story-Maskelyne—continued.

344. I suppose the public have a right over an ordinary common, have they?—They have no legal right.

345. It has been by custom that people walk about these commons?—Yes.

346. But if people walk about on these lands during the winter, or during the time that they are under pasture, I presume those people would be very much in the same position as they are walking over an ordinary common?—I can only say they have no legal right, and that no evidence was adduced before me to show they had, as a matter of fact, been in the habit of going over them, and I should think probably a good many of the fields during the winter would be ploughed.

347. This seems to be a very remarkable neighbourhood; I presume these fields are the remains of a very ancient custom of commonable distribution of land?—It is the old village tenure.

348. Do you suppose the public had not at some time a right to walk over them?—It is a matter of speculation which I can hardly get at.

349. There might be someone among the people who remembered a right of that kind?—I have not heard of any.

350. What you are proposing to do is, to take off from this land a certain small quantity which is to be devoted to the public for the future?—Yes.

351. How many acres?—A certain proportion is to be taken and to be regulated over which the public are to have rights. Besides the allotments there are 25 acres to be set out for field gardens, and seven acres for recreation grounds. Then, of course, there must be taken into consideration the portion which was originally considered in the application for inclosure which is now to be regulated, and the right of the public to go over that land for all time secured.

352. How many acres would the public have a right to use in that manner?—About 50 acres. The total area to be regulated is 234 acres.

353. Fifty acres would be, practically, recreation ground?—The whole 234 will be recreation ground, with the exception of the Cow Common; practically, the public will have 200 acres.

354. This old drift way, and this old Icknield Way, I suppose, have been always a public road from time immemorial, have they not?—It has been open and uninclosed, and no doubt has been very largely used.

355. The drift way is a public way for a long distance through the country?—I believe it is. The drift ways, as a rule, are the ways that were used for bringing up cattle from the north to avoid turnpike roads.

356. Are not the drift ways in their relative antiquity, as compared with turnpike roads, something as the hills are to an artificial mound which you might have erected as it were yesterday. They are older than history almost?—These particular ones are, no doubt, very old.

357. All the regular drift ways of the country are at least Saxon, and, probably, British roads, are they not?—I believe there are a very large number.

358. With regard to the Icknield Way, is that open to any distance along the limits of the ground we are speaking of?—The Icknield Way is a metal road.

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359. Where

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Mr. Story-Maskelyne—continued.

359. Where does it go to, and where from?—It goes from Luton, and I know it goes through Oxfordshire.

360. It is a public road the whole way?—It is a public road.

361. And therefore you cannot include these public roads in your scheme as in any way a concession to the public. They belong to the public?—Besides the metal road, grass strips are included.

362. But I apprehend nobody could inclose those grass strips. Is not the law that no owner can inclose grass strips by the side of a road?—No, I do not think that is the law.

363. You think it is no?—Unless they are part of the highway.

364. But the Icknield is a highway, is it not?—The Icknield highway is a metalled highway.

365. These roads are being spoken of as a sort of gift to the public; they are really no gift at all; they belong to the public already?—I do not profess to give an opinion on it. I only get my information from going round the neighbourhood and holding meetings. How much of the land is the highway may involve deep legal considerations; but I may say this without going into the question of whether the public have a right or not. When I went over these drift ways I came to the conclusion it was very desirable they should be kept open, and therefore I suggested they should be included in the order for regulation with a view to their being kept open.

366. With regard to the right of digging flints and this hard chalk?—That, I may say, I have heard nothing about.

367. It is in the statement we have been reading?—I heard nothing about that until I saw this morning this letter by Mr. Batchelor. Nothing of the sort was brought before me at the meetings I held.

368. Do you not think it rather important to preserve for the inhabitants something like a power of access to this material?—No doubt all the cottages would be held either under owners of the land or by owners of the land, and if under the inclosure proceedings a place is set out where the owners and occupiers of land can get the chalk, they would have free access to that.

369. The persons who inhabit the cottages would?—Yes, claiming either in their own right or through their landlords.

370. This stuff is not found everywhere, I presume. You have to select a place to dig it from, have not you?—Perhaps that would be better answered by some other witness. To-day is the first time I have heard of this.

371. How are the expenses of this scheme going to be paid?—They will be paid by rate, by the owners of the land.

372. Is that by an agreement with them?—The expenses could be raised in two ways; either by sale of part of the lands or by rate. In this case it is not proposed to sell any of the land, but the expenses are to be paid by rate.

373. That is to say the landowners have agreed to it?—Yes.

Mr. Arch.

374. With regard to the convening of the meetings; you convened your first meeting at 10 o'clock in the morning?—Eleven.

375. Your report says that about 50 persons

Mr. Arch—continued.

attended that meeting. "The local authorities of Luton, Leighton Buzzard, and Dunstable were fully represented, but the majority of those present were either owners or tenants of the lands to be dealt with, or their agents. At the evening meeting held a week later, at least 100 persons attended, a large proportion being labouring men, inhabitants of Totternhoe, having no pecuniary interest." Have these working men at Totternhoe no interest in the regulation of these commons?—They have no pecuniary interest as having no common rights.

376. Then the common rights belong to the class of people who met you on the first occasion?—The common rights belong to the owners of land, and unless there is an ownership of land, there is, as a rule, no common right. In considering any application with reference to a common we always draw a distinction between the persons who as owners of land and commoners are supposed to have a direct pecuniary interest in the inclosure, and the other people who are inhabitants of the parish and have no direct interest. The Commons Act of 1876 provides that the Land Commissioners are not to recommend any scheme dealing with the common unless they are satisfied it will be for the benefit of the neighbourhood, and the benefit of the neighbourhood is considered to be the interests of the persons who have no direct pecuniary interest in the common. Therefore, we always endeavour at our meetings to get as large an attendance as possible of those persons who are not directly interested, as well as of those who are directly interested.

377. Do not you think you would have got a more distinct and general expression of opinion if, instead of calling two meetings you had called one, and had let those persons who had no pecuniary interest in the matter hear the thing discussed?—Both meetings were free to everybody. The attendance of all persons is invited. The evening meeting is fixed especially to give the labouring population an opportunity of expressing their views. Nothing is decided at the morning meeting alone.

378. I understood you to say that the arrangements were all settled at the morning meeting?—Proposals were laid before me which I was able to see would be generally satisfactory, and would meet with the approval of the Land Commissioners, but nothing was settled at the morning meeting definitely, and nothing is finally settled until my Report upon the meeting has been considered by the Commissioners.

379. In your Report you say the inhabitants of the village, and the neighbouring towns, resort in large numbers to the Downs, and to the Castle Hill, which is a favourite place for picnics and so on. Then you say, "Some of the green ways afford pleasant walks, and are much valued on that account. These 'ways,' the Castle and the tumuli, are to be preserved in their present state." Do I understand that to be free to the people?—Yes.

Mr. Buxton.

380. I understand you to say that there is no right in the general public to go over any of these lands?—No right in the general public, certainly.

381. It has been, of course, very frequently admitted in these cases that it is very desirable to

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*Mr. Buxton—continued.*

to have certain portions to which the public shall be admitted?—I believe that is so.

382. Is there any distinction as to right between the Castle Hill and that which is marked brown?—I think not, except that different parts of the lands are subject to different rights. The only persons who are entitled to rights of common over the green are the owners and occupiers of the brown lands.

383. The whole of the rights over the whole of the land in question is confined to the owners of those lands?—Yes.

384. I suppose it would be a very valuable thing for them to get this right of inclosure?—Undoubtedly, very valuable.

385. And for the purpose of getting that they are willing to give up a percentage to the public?—That, no doubt, is so.

386. They are willing to give up something like 10 per cent. of the whole for the sake of getting this very valuable consideration of the right to inclose nine-tenths of it?—That is to say, to get the sanction of Parliament to enable them to deal with their own land, they are willing to make these concessions.

387. They cannot inclose it without the permission of Parliament?—On account of the large number of persons by whom it is held.

388. They have to come to Parliament to get permission to inclose it?—Yes.

389. And it would be worth their while to give up 10 per cent. of the whole?—Yes.

390. And you think that is very adequate?—I think very liberal indeed.

391. Supposing this scheme were rejected, they would be unable to inclose?—I should think if this scheme were rejected, the probability would be, they would somehow or other put their heads together and arrange for a scheme without going to Parliament at all.

392. I see there is a distinction drawn at the bottom of page 2 of your Report, between the Cow Common and the rest of that which is to be regulated; why is that distinction made?—It was pointed out at the meetings that there was very little grass land in the parish available for cattle pasturage. It is desirable there should be some place where they could be pastured in quiet without being disturbed by the people, especially during the summer, and it was considered that that particular piece of land was not of much importance, or considered as valuable by the public, and therefore it was agreed that the public should not have the right of going over that particular piece.

393. How much is the Cow Common?—Thirty-eight acres.

394. And is the Cow Common included in the 234 acres of which you speak?—Yes.

395. Then clearly, when we are talking about 234 acres, we ought not to include the Cow Common as part of that over which the public have access?—We put it as 200, I think.

396. In that 200 you include, as Mr. Maskelyne said, certain ancient rights of way?—Yes, if they be ancient rights of way.

397. So that you have to deduct not only the ancient rights of way, but also the 30 acres, or whatever it is of the Cow Common?—That is so.

Q.72.

*Sir James Fergusson.*

398. The public have no right of way over the balks?—They would have no right over the balks certainly. I did not go into the question whether there were any legal rights of way or not in any particular place, because no legal rights of way would be interfered with without full notice.

399. If they have any rights of way through the Cow Common, they will not be deprived of them?—They will not be deprived of them, certainly; no right of way can be stopped up in the inclosure proceedings, except by the valuer after due notice on the spot and by advertisement. There is an appeal from him to the magistrates at quarter sessions.

*Mr. Buxton.*

400. The Cow Common is marked green on this map, is it not?—Yes.

401. Therefore, the Committee must not have the idea that the green lands are necessarily open to the public?—With that exception.

402. The Cow Common is not to be open to the public?—No.

403. That has to be deducted from the gross total of what is called the regulated lands?—It is to be regulated land, but the public is not to have the right of going over it.

404. It has to be regulated only in respect of the landowners?—Yes.

405. And it is not in any sense recreation ground?—I may say I went over it myself, and it is land which is not suitable for recreation ground.

406. We have to look at the total acreage which has to be given up for recreation ground in consideration of this great boon to the landowners, and I have elicited from you that we must deduct the Cow Common, because it is not for the benefit of the people of Dunstable?—That would be so.

*Sir Henry Selwin-Ibbetson.*

407. Have people any rights at present which they would be deprived of by this proposed inclosure?—Do you mean the general public?

408. The general public?—No; any privileges which they may have enjoyed will, under this regulation, be secured to them as legal rights.

409. Those privileges will be extended to the regulated ground, and certain portions that are set apart for cricket grounds or other amusements?—Yes.

410. The balks that separate the different lands under cultivation are in no way the property of the public, but simply for the convenience of the owners and occupiers?—Yes, where they exist. I think in this particular case, as far as I could see, the balks were very much fewer than usual.

411. And the inconvenience complained of is the fact that, whilst cultivated during a portion of the year, all these lands were open practically to the owners and occupiers for general depasturage after the crops were taken off?—Yes.

412. So that the cultivation practically of the land, or any portion of the land for winter crops or green crops, was prohibited?—Yes.

413. And the cultivation of that land by the  
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*Sir Henry Selwin-Ibbetson*—continued.

inclosure whilst the public will not lose any right they possess, may be immensely benefited?—Very much so.

414. Therefore, the general public really gain by that part which is regulated an advantage?—Yes.

415. Whereas the owners only gain an advantage among themselves, because they are enabled better to cultivate the land which they possess?—Yes; I may say, in the valuation which was made of all the parishes in the Luton Union some little time ago, the land in Totternhoe, which was the only parish lying as an open field, was put at about a third less in value than the other parishes.

416. That would be naturally from the mode of division of arable land?—Yes.

417. I understood you to say that, when the scheme was first submitted to the Commissioners, the brown land included the camp land and the Castle Hill.

418. Was that grass land at the time, or was it under cultivation?—The camp is under cultivation.

419. Was it on your own inspection, or on reports made at the meeting, that led to the alteration?—When I went over the land accompanied by persons interested, and the members of the deputations from the neighbouring towns, I suggested various things, and among other things that the camp ought to be regulated.

420. But up to that time it had been practically as much a part of the arable land as any other portion which you propose to inclose?—Yes, quite.

421. And it was only on your own inspection of the ground that it was changed?—Yes, both the recreation grounds and the situation for the field gardens were by the applicants left entirely to the Land Commissioners to select. Very likely they may have entertained the view of preserving that part as well.

422. There was nothing in the original scheme which proposed to deal otherwise with people who own the camp land than with those who owned the arable land, which you propose under the scheme now to inclose?—No, there was not.

423. You were asked about two meetings which took place; is it not the fact that under the Act you are bound to hold those two meetings?—Yes.

Mr. GILBERT SINKWELL, called in; and Examined.

*Chairman.*

434. You are the Mayor of Dunstable?—I am.

435. Have you taken a great deal of interest in this regulation of the common?—Yes, I have.

436. And is Dunstable very much interested with regard to this regulation?—Yes.

437. How far is the common from Dunstable?—A portion of the common, the Downs, as we call it, is about half-a-mile.

438. Do the inhabitants of Dunstable resort to the common at present in any numbers?—Yes, in large numbers in the summer-time.

*Sir Henry Selwin-Ibbetson*—continued.

424. And you do not give any decision at all, but merely report, after holding those two meetings, to the Land Commission?—That is all.

*Mr. Buxton.*

425. I understood you to say that, in the valuation of the land which was taken, this land was valued at one-third less than other land in the neighbourhood?—Yes.

426. If this is inclosed it will be worth one-third more?—That would be the reasonable assumption, I think.

427. Therefore it would be well worth the while of these landowners to give up to the public a third of the land, and the remaining two-thirds would still be as valuable to them as the whole which they possess now?—That is to say, the landowners, if they carried out this inclosure, would be exactly in the same position as they are at the present time.

428. If you say it is worth one-third less by reason of the present tenure, if you can remove the present tenure and give them an inclosure, their lands would be worth a third more, and it would be worth their while to give up a third to secure that boon?—I do not know whether that has been considered by them.

*Mr. Walter James.*

429. Is there anything in the way of hedges or inclosures of any kind?—No, I think there are none.

430. It is quite open?—The whole extent is quite open.

431. You have never known the public walk over these common fields in the same way that they would walk over the Cow Common?—No, I should think not, judging from practical experience.

*Chairman.*

432. As a matter of fact, the general public never do walk over these common fields?—I should think certainly not.

433. There is nothing to prevent the owners of these common fields making arrangements amongst themselves to inclose the land supposing we refuse to sanction this scheme?—Certainly not. I know of a case some years ago where the application was refused by the Commissioners, on the ground of certain objections raised in the neighbourhood. There were only a few owners. They inclosed it themselves, and the benefit of the allotments which would have been set out was lost.

*Chairman*—continued.

439. Is the Castle Hill a place of great attraction?—Yes.

440. Did you attend the first meeting?—Not at Totternhoe. I had other meetings to attend in my official capacity, which prevented my attending either of those meetings which were held at Totternhoe schoolroom.

441. But you had a deputation there, I think?—Yes.

442. Were they satisfied with the proposals as laid before them by the Assistant Commissioner?—Quite so. I might just say I attended all the other

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Colonel LEACH, Mr. LEACH and Mr. SINKWEIL.

[Continued.]

*Chairman—continued.*

other meetings of the representatives of Leighton, Luton, and Dunstable. We formed ourselves (by ourselves I mean the representatives of Leighton, Luton, and Dunstable) into a vigilance committee to take care, if possible, to secure our own interests in this scheme. On many occasions I called meetings to discuss the scheme as it advanced; but unfortunately, at the time of the meeting held at Totternhoe schoolroom, as I have before stated, I was unable to be present. The representatives from these three neighbouring towns attended, and they reported at subsequent meetings of the vigilance committee, which were held in our townhall, the business which was done at the meetings at Totternhoe, and that it had met with their satisfaction.

443. You are perfectly aware that a large proportion of the land, viz., 1,717 acres, is what is called common field land, and the public have never enjoyed going over that land, and it is merely for the benefit of the owners and occupiers of that land that it is now proposed to be inclosed?—I do not know the exact acreage; but I know that the public generally have no right over the arable land. I never walked over it myself. I did not know I had a right to walk over it.

444. Therefore all you were interested in was the regulation of the remaining portion of the land, somewhere about 200 acres?—Yes.

445. Were you satisfied, in going through the scheme generally, with the amount of land which the landowners voluntarily gave up from the common field land for recreation ground, and for field garden ground?—Yes, it met with general approval at our meetings.

446. Was it considered a liberal offer, with regard to the landlords, for field gardens and recreation ground?—On the part of Earl Brownlow, I presume, you mean?

447. Are there no other owners besides Lord Brownlow?—Not in that portion, I think.

448. Was it considered to be a fair offer on the part of the lord of the manor, Lord Brownlow?—It was.

449. You were very well satisfied with the proposal as a whole?—Yes.

450. Was there any complaint on the part of the population around with regard to the scheme?—No, I heard of none.

451. You think that the scheme ought to be carried out as proposed by the Commission?—Yes, I think it a very fair scheme.

452. Is there any other point you wish to place before the Committee?—Perhaps I could give you some information in reference to questions that were put to Mr. Assistant Commissioner Leach in reference to the Icknield Way.

453. What statement have you got to make with regard to the Icknield Way?—It was not stated to you that the land in question is all open. We have no hedges on either side of the way. We have conceded to us on this Icknield Way something like 88 feet. I think it is 66 feet from the centre of the road to where the boundary is to be fixed, and 22 on the other side. Why it is only 22 feet on the other side is because it is a very rising slope leading up to the  
0.72.

*Chairman—continued.*

Downs. On the other side it is a greensward where a person might take his horse and carriage down and not interfere with the foot-passengers or traffic in any way.

454. As I understand you, giving the public this extra piece of land, beyond the 30 feet that might be necessary for the main road, is a concession?—Yes. That, I take it, was asked for at one of our meetings, and, after some consideration, was granted. We thought it was a very fair thing indeed, and it met with our approval.

455. Do you know anything about the digging of flints and hard chalks upon the Downs?—Yes.

456. Whose rights are they to dig that flint and that hard chalk?—You are referring to Dunstable Downs.

457. Yes?—I believe the rights are vested in Earl Brownlow. Flints have been dug on the Downs, but where they have been dug they have left very irregular surfaces, and, in fact, it becomes dangerous to persons walking over it. If it was dark and you were passing over there you would be liable to fall down, perhaps to the depth of two or three feet.

458. When this is regulated I presume they would only be allowed to dig the flints by filling in behind them, so that there would be no hole left in the ground after the flint had been dug?—That would apply to Whipsnade Heath, not the Downs.

459. Why not, to the Downs?—Because I believe they are prevented from digging on the Downs, in consequence of accidents.

460. Therefore it is confined to this one heath where the stones are to be dug?—Yes; that is, perhaps, a quarter of a mile on the other side.

461. Do you think that would be in the best interests of the general public?—Yes, I do.

*Sir Henry Selwin-Ibbetson.*

462. I understand you to say that the public had no right whatever of access to these arable lands?—Yes, I said so.

463. Was there any distinction originally in the tenure or the cultivation of those arable lands between the part which is now marked green, that is the camp, and the other arable land?—A portion of the camp is now arable land, which you will see by the scheme it is proposed to lay down.

464. Was there any distinction either in the tenure or in the custom of its use by the public, as between that camp land and the rest of the land which you proposed to inclose?—No.

465. It was all under the same tenure, and the public had no other right to the one than the other?—That is so.

466. And yet they propose to deal with one portion of the brown lands by inclosure, and with the other part of the brown lands by regulation?—Yes.

467. That was not the original proposal made by the locality?—Not the Castle ground, as we call it.

468. It has been introduced subsequently into the scheme?—Yes, and we thought we had gained a great point with Earl Brownlow when  
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Colonel LEACH, Mr. LEACH, and Mr. SINKWELL.

[Continued.]

*Sir Henry Selwin-Ibbelton*—continued.

he conceded to us the right of having that portion adjoining the Totternhoe Knoll as a building ground or recreation ground.

469. The camp does not belong to Earl Brownlow?—No.

470. There was no distinction as between either the tenure or the right of the public over the camp to what there was over any of the other arable land proposed to be inclosed?—No.

471. And it was not a part of the original scheme that there should be such a distinction?—No.

472. That was introduced subsequently?—That was so.

473. Was that introduced at the meeting?—I was informed that was introduced by the representatives who met the Commissioners on the spot on going into the matter.

474. It was a subsequent representation?—Yes.

*Mr. Buxton.*

475. Do I understand that the public have always had the right of access to these lands that are marked green on the plan, and which it is now proposed to regulate?—That which is marked green on the plan, I presume, refers to the pasture land.

476. Yes?—Yes, that is so.

477. Then they will have no new privileges, I will not say rights, under this scheme that they have not always possessed?—Yes.

478. What new privileges will they have?—There will be roads made which they have not always possessed, and there is also a portion of the Castle ground; I do not know exactly how many acres.

479. That which is called the camp?—Yes.

480. Those four acres are the only addition that you know to the lands which the public have always enjoyed?—There is that, and some roads that are to be made leading out of the Drover's Way to the camp.

*Chairman.*

481. You mentioned a road just now in which the margin was 21 feet on one side, and 66 on the other. Is that one of the roads which is an additional advantage to the public at the present time?—On the 66 feet side, yes.

482. That is one of the advantages they now have?—That is so.

*Mr. Buxton.*

483. I understood the only portion of these lands, which are marked green, to which the public have not hitherto had access, is what is called the camp?—Yes. The arable land has been brought nearly up to the road.

484. How near?—Probably 20 feet.

485. The public have had 20 feet to walk on?—Yes.

486. What are they to have now?—Sixty-six feet on one side from the centre of the road, and 22 feet on the other. I believe those are the figures.

487. With those two exceptions, they have always had access to all these lands marked green?—There is to be a road made, leading from the Drover's Way to the Knoll.

*Mr. Buxton*—continued.

488. Now turn your attention to the Dunstable Downs. I understand the public have always had access there?—Yes.

489. Have the public had access to that which is called the Cow Common?—I have never supposed the public have had any right to that.

490. Have the public had access to it?—I believe there is a footpath passing through it.

491. To your knowledge have the public had access to it, and been able to go to any part of it, without let or hindrance?—I cannot answer that question.

*Mr. Walter James.*

492. What is the nature of the surface of the Cow Common?—It is pasture, and it is flat.

*Mr. Buxton.*

493. Have you never seen people walking on it?—I have not.

494. You have never known people turned off it?—I have never gone into that question.

495. I believe, by the scheme, they are to be turned off it?—I have never seen anyone go across it, and I have not crossed it myself.

496. But there is a path goes across it?—I have been informed so, but I do not know whether it is correct.

497. Are you aware that the scheme forbids the public going across the Cow Common?—I am not acquainted with that.

498. Do you think the scheme would have been acceptable at the public meeting of which you spoke, if everybody had been aware of that?—I do not think that would have interfered with the conclusion the meeting arrived at.

499. You, representing the population of Dunstable, I suppose, would be glad to get as large an open space as you could for the benefit of your fellow-townsmen?—Most decidedly.

*Sir James Fergusson.*

500. And you got as much as you fairly could?—Yes.

*Mr. Arch.*

501. I understood you to say that all the parties were satisfied with the scheme?—All parties with whom I came in contact.

502. The Report says that "There are in Totternhoe about 107 cottages; the gardens are mostly small; a few are from 10 to 20 perches, but the majority are under 10 perches. Twenty-acres of good land in the common fields, in suitable positions, are to be set out, partly at Church End, and partly at Lower End, for field gardens." Do you think the working classes of Totternhoe, in 107 cottages, would not require more than 25 acres to cultivate vegetables for their families, the majority of the holdings being only 10 perches?—That would depend upon the number in each family.

503. Are these labourers satisfied with the small dole of 25 acres, in addition to this little bit they get?—I have heard no complaints made in reference to this allotment.

504. Have they been asked whether they are satisfied?—I believe that is the reason why they were invited to attend the meeting which was held one evening, when they could raise any objection to the scheme.

505. Do

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Colonel LEACH, Mr. LEACH, and Mr. SINKWELL.

[Continued.]

Mr. Arch—continued.

505. Do you think the labourers, with the small portion they already have, and the small portion that is going to be allotted to them, will be satisfied?—It is my opinion they will be satisfied.

506. Have they ever been fairly and honestly appealed to?—They had an opportunity of attending this meeting, which it has been reported they attended in some considerable numbers, and there they were asked to express their opinion. It was reported to me that they were quite satisfied with the scheme that was laid before them.

507. Were the labourers fairly and honestly appealed to as to whether they were satisfied with these 25 acres or not?—Not being present I cannot answer that question.

Mr. Story-Masheleyne.

508. You are an old inhabitant, I presume, of Dunstable?—I have resided there for about 20 years.

509. You have been often over this country, and you know it well, I presume?—Yes, intimately.

510. You know if the rights we have been asking about were rights the public have enjoyed?—That is so.

Mr. Story-Masheleyne—continued.

511. For instance, take Cow Common. You know if it has been the habit of the people to use it, and to enjoy it as an open space?—Yes.

512. You assert that they have not?—I have never seen anyone passing over it.

513. They might perhaps go over it often when you were not there?—Just so.

Mr. Walter James.

514. Are you aware who the Conservators under the scheme will be?—I am not.

515. Do you know whether the local authority of Dunstable will be represented?—I know it has been mentioned that the Mayor of Dunstable will be *ex officio* one of the Conservators.

516. Have the Corporation any common rights?—None whatever.

517. Are you sure of that? With what authority do you make the statement that the Mayor of Dunstable will be *ex officio* one of the Conservators?—It is only what I heard. I have no authority for saying it.

518. Is there any authority in the Act of 1876 which gives the Mayor of Dunstable a qualification to be a Conservator?—I do not know.

Colonel LEACH, re-called.

Mr. Walter James.

519. HAVE the local authority of any of these places which are mentioned, Dunstable, Leighton Buzzard, or Luton, any *locus standi* to appoint Conservators under your scheme?—Who shall be appointed Conservators is settled by the Award of the Commissioners.

520. You have power to appoint?—We should have power to appoint them. We should have power to arrange who should be appointed the Conservators, and if we considered it desirable, and that it was the feeling of the neighbourhood, we should probably appoint one of the Corporation, just as in other cases we appoint rate-payers. That would be settled and arranged by the Award.

Mr. Walter James—continued.

521. The fact that the Corporation may not have any rights over this area does not exclude them?—No; but if we appointed outsiders we should have to arrange that they should not have power to vote upon questions of rating, because under the Act only those who are interested in the land have power to rate.

Mr. Wroughton.

522. We have been told the Conservators are elected by those who have an interest in the lands?—Those who have power to make rates must be persons interested, but we occasionally appoint others.

Mr. GILBERT SINKWELL, re-called.

Mr. Walter James.

523. Do you think the local authority of Dunstable would be willing to make any contribution for the purpose of regulating the common?—I do not think they would be called upon to do so.

Mr. Walter James—continued.

524. If such a proposal were made to them, do you think they would?—I think not.

[The Witness withdrew.]

The room was cleared. After a short time the parties were called in.

Mr. JAMES SAUNDERS, called in; and Examined.

Chairman.

525. ARE you a surveyor?—I am.

526. Where are you living?—At Clapham. My offices are in Great College-street, Westminster.

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Chairman—continued.

527. What have you to do with the inclosure and regulation of this common; do you know the common?—Perfectly; I know every inch of it.

528. Have you anything to do with any of the proprietors

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Colonel LEACH, Mr. LEACH, and Mr. SAUNDERS.

[Continued.]

*Chairman—continued.*

proprietors?—Not the slightest. I valued the whole of the Luton Union in 1866 for the guardians of that union, and Totternhoe was one of the parishes.

529. You valued Totternhoe in 1866?—I did.

530. And you went over every part of the parish, of course?—Every inch of it, and made a field valuation jointly with two other valuers. The agreement was that where the three valuers differed, I was to be the umpire, and settle the value.

531. Do you recollect that portion of the commonable land which is called the Cow Common?—Perfectly. Since that time I have been employed in the parish to settle disputes as to common rights which have arisen. I was also employed by the Tithe Commissioners to make an altered apportionment of a portion of the tithe-rent of that parish, so that I know the parish intimately.

532. Do you know the boundaries of the Cow Common?—Perfectly.

533. What are they?—A brook on one side, the common field land on the other side, and since the railway has been made, the railway boundary. I am speaking now of the original boundaries.

534. In fact, there are two brooks, the common fields, and the railway which bound it?—Yes.

535. Do you know anything about the tenure of the Cow Common?—I do.

536. How is the Cow Common held?—It is held in right of 54 original owners of tofts and sites in the parish.

537. What rights have they upon the Cow Common?—They claim two rights each; those are double rights; there were, in fact, 54 persons who had original rights thereon.

538. And have the general public ever gone

*Chairman—continued.*

across the Cow Common, or have they not?—Only along a footpath which crosses it.

539. They have never had any right to go beyond that footpath?—Certainly not.

540. Where does the footpath go from?—From Totternhoe to Stanbridge.

541. To the best of your knowledge and belief, the public have never used that the same way as they have used Dunstable Downs?—Certainly not. Perhaps you will allow me to give you an idea of the surface of it. When I valued it in 1866, it was nothing but one mass of mole hills, tuft grass, swampy ground, and rough sedge, and it has remained so from that day to this. I saw it about two months ago.

*Mr. Story-Maskelyne.*

542. Have the 54 people, who you say claim a right, rights over the common lands?—To a great extent.

543. But not entirely?—No.

544. There are some others besides?—Yes; there are two different corporations as I call them, two different sets of men, but they are frequently the same people.

*Mr. Walter James.*

545. You have had occasion to value those rights?—I have.

546. What do you put them at?—£. 1 each gross. That was for poor rates.

[The Witness withdrew.]

(The room was cleared. After a short time, the parties were called in, and the Chairman announced that the Committee had decided to approve of the Scheme without modification).

Wednesday, 31st March 1886.

## MEMBERS PRESENT:

Mr. Arch.  
Sir Walter Barttelot.  
Mr. Edward Buxton.  
Sir James Fergusson.  
Mr. Hunter.  
Mr. Walter James.

Viscount Lewisham.  
Mr. Jasper More.  
Mr. Richard Power.  
Sir Henry Selwin-Ibbetson.  
Mr. Story-Maskelyne.  
Mr. Wroughton.

SIR WALTER BARTTELOT, IN THE CHAIR.

## HAYLING BEACH.

Colonel G. A. LEACH, called in; and Examined.

*Chairman.*

547. I THINK you were one of the Land Commissioners?—I am.

548. Have you got maps of the proposed regulation of Hayling Island Common?—I produce to the Committee two maps. The first is the Ordnance map to a scale of one inch to the mile, which shows the locality of the common which is proposed to be regulated on the Island of Hayling; it also shows the neighbouring places, Portsmouth and Havant (*explaining the same*); the second map which I produce is the Ordnance map on the large scale, on which the portion of the common to be regulated is coloured green, the portion to be exchanged for allotment gardens is coloured red, the portion to be sold for improvement of the Common blue and the portion to be sold to pay the expenses of the regulation is coloured yellow (*explaining the same*).

549. I presume that the necessary assent from the lords of the manor was obtained?—The necessary assents of the lord and of two-thirds of those interested in the soil and otherwise were obtained.

550. I think you visited the common?—Knowing that there was to be opposition to the scheme, the Commissioners thought it desirable that one of them should visit the common, so that we might with greater knowledge consider the opposition, and also that I might be able to inform the Committee, and answer any questions from the Committee from personal observation.

551. Is there a railway and a road projected from Portsmouth or from Southsea to Hayling Island?—There is a private Bill now before Parliament for constructing a railway between Portsmouth and Hayling, and the bridge over Langstone Harbour is to be made available for railway and road traffic. It is possible that that railway may not be constructed at present; but I have no doubt whatever that within a limited period at all events a road bridge will be constructed, so as to bring Hayling Island in connection with Southsea.

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*Chairman—continued.*

552. Was it supposed that by the making of this railway and road it would lead to a large development of building in Hayling Island?—Yes. There is no doubt that those who are interested in Hayling Island are promoting this scheme with a view to the development of the island, as a sea-bathing place, for which it is well calculated; there is a splendid beach for sea-bathing, and although now it is a very small place, I observed eight or ten bathing machines, and there is a bathing establishment; so that I think it is very probable that it will develop as a bathing place.

553. Looking at it practically, what was your view with regard to the regulation of this common?—I have no doubt whatever that now is the time to secure this common as an open space for the benefit of the inhabitants, but more especially looking forward to the development of the town in the future as a bathing place, and a very material increase in the population.

554. Do you know how many owners there are?—I understand now that there are only six owners; that Mr. Park has out of the 120 acres, 90 acres, Mrs. Sandeman has 12 acres, Sandeman Brothers have six acres, and Mr. M'Kewan 6½ acres, and Mr. Johnson 6½ acres, and Dr. Howe has four acres.

555. Do you mean that they are the owners of the common?—The owners of the soil of the common. It was purchased from a former lord of the manor I believe in 1870, as part of the Padwick Estates when they were sold, but it has probably again changed hands since that time. The people whose names I have mentioned are now the owners of the quantities I have named. I might also mention that I marked on the map in pencil the lands of each owner.

556. Then they are virtually so many lords of the manor?—Not lords of the manor, but owners of the soil and with rights of common over it.

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557. If



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Colonel LEACH.

[Continued.]

Mr. Walter James—continued.

570. And then houses would be built fronting the common, on the land to be exchanged for allotment gardens?—No doubt that is the reason which induces Mr. Park to give up 10 acres of good land for garden ground, on the chance of this land, which now is of no value whatever, becoming of value as building land.

571. Do you think that 10 acres of allotment gardens would represent an equivalent value for the other portion, with its prospective value as building land?—We take into account that, under the present circumstances, it is of no value and may not become building land, and that the 10 acres to be given in exchange is to be good land, immediately available and subject to our approval.

572. Then you anticipate, in the event of its developing, that Hayling might develop into a bathing place which would be contiguous to Portsmouth?—It is, to a certain extent, a bathing place already; that is to say, I observed eight or ten bathing machines drawn up by the baths; and I have no doubt that if it is connected with Southsea there will be a considerable development; it is in full view of the Isle of Wight, and is an extremely pretty, nice spot.

573. Is it not the case that the shore immediately opposite to the Royal Hotel is very precipitous, and that you almost immediately find yourself in deep water?—I cannot tell what it is under the water, but it is a broad shore, about 120 yards wide, as the map will show (*explaining it to the Committee*).

574. Then with regard to these four acres which are to be sold for the purpose of regulating the common; why were these particular four acres selected?—It was necessary that the Commissioners should provide for the payment of the expenses of the regulation, and those particular four acres were selected because, whilst leaving a considerable space, nearly as wide as the space on the west, between the land and the shore, they were the most likely to sell now.

575. Is it provided in the Provisional Order that it shall be sold to any particular owner?—No, certainly not.

576. How is it to be sold?—It will be sold subject to the approval of the Commissioners; the course we should probably pursue would be to

Mr. Walter James—continued.

get an independent valuation in order to ascertain its value, and give Mrs. Sandeman, who has the adjoining property, the right of pre-emption.

577. You would give the right of pre-emption to the owner of Westfield?—Yes.

578. She is the lady of the manor?—No; the adjoining owner; or we might, if we thought that the value was not sufficient, have the land put up to auction.

579. There have been some meetings held, have there not, subsequent to the issue of your Provisional Order, objecting to the scheme?—We have notice that there was a vestry meeting held.

580. What was the nature of the proceedings at that meeting?—The Committee have it in the objections.

581. It is a matter of opinion, but within your experience do you think that, for the advantage of large communities in the neighbourhood of their common, there should be a regulation scheme, or do you think it is better that they should be left very much in their natural state, and that the public should be allowed to come freely, and walk and roam over them as they like?—Under the Commons Act *prima facie* it is desirable that every such common should be regulated for the express purpose of preserving it as a free and open common. If it is not regulated there may be encroachments.

582. Have you any reason to suppose that encroachments were threatened in the case of Hayling?—I have every reason to suppose that encroachments may take place. I have no doubt (*pointing to the map*) that all those are encroachments, nor have I a doubt that these again are encroachments. That large common has become the property of one owner. The question was raised at the meetings, and it was admitted on all hands that there were no common rights over it, and that it was now private property.

583. It is all open?—Yes.

584. But all these rights have been purchased?—I cannot say, but I may mention that the Commissioners stated the fact in their Report to show the Committee the great importance of now securing this other portion of the common.

[The Witness withdrew.]

Mr. GEORGE PEMBERTON LEACH, called in; and Examined.

Chairman.

585. I THINK you were the Assistant Commissioner who held a local inquiry for the regulation of Hayling Common?—Yes.

586. Will you kindly tell us what meetings you held, and where you held those meetings?—I held one meeting on the 17th of October, at 11 o'clock in the morning, at the Royal Hotel, Hayling Island, and a second meeting on the 19th, at 7 o'clock in the evening; and on both days I walked over the common and a good deal of the adjoining neighbourhood.

587. How many persons would you say were at the morning meeting?—Twenty-four persons attended the morning meeting.

588. And how many were present at the evening meeting?—

Chairman—continued.

evening meeting?—About 40 were present in the evening.

589. The honourable Member for Norfolk, Mr. Arch, asked you a question or two yesterday, and I am quite certain that I am expressing his views and opinions when I say that his only object was to ascertain from you, as the official going down to carry out the orders of the Act of Parliament, that you took great care that every opportunity was given to the labouring classes and others to come and state any views and opinions they have with regard to the regulation of the common?—Yes, in the notices convening the meetings, which are posted in numerous places in the neighbourhood and advertised in the local papers

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MR. LEACH.

[Continued.]

*Chairman—continued.*

papers three weeks before the meeting, there is a paragraph in large letters: "It is particularly requested that persons residing in the locality, whether interested or not in the common, will attend the meeting and state their views." If I find at a morning meeting that the persons present are mainly persons who are directly interested in the common, I take an opportunity of speaking to the people about in the neighbourhood when I am going over the common and obtaining the opinions of disinterested persons. In this particular case I called upon the vicar to ask him what his opinion of the proposed scheme was, and there were a good many labourers present at the evening meeting.

590. I think I may call your attention just for one moment to the fact that this second meeting in the evening was established so as to give the labourers the full opportunity of coming and stating their views and opinions upon any inclosure or regulation of a common?—Yes, that was expressly provided in the Commons Act, 1876.

591. And I think your attention was specially called some two or three years ago, by a Committee of this House, to the fact that it was one of the duties which the Assistant Commissioners going down were bound to carry out as best they could, to give every information, and to take care that the meeting was a proper and open one?—That is so.

592. Were there any objections at either of the meetings?—Yes, there were. At the morning meeting there were objections raised. The first was by Mr. Harris, who is a large landowner and farmer with common rights; in fact, so far as I was informed, he was the principal person who has exercised the rights of common on the Hayling Beach Common; he objected on the ground that he was afraid his rights would be interfered with, and on the ground that he thought that the new roads would be an expense to the parish; but he also objected himself, and called upon the other copyholders to object to and oppose what he termed the proposed inclosure. I had stated at the opening of the meeting, in very clear terms, that inclosure was not contemplated at all, but that it was regulation, and I drew his attention to the misstatement, but he persisted in repeating it; and again at the evening meeting, which will account for the memorial which was presented after the meeting to the Land Commissioners. Several people who signed that memorial at his instance subsequently stated that it had been signed by them and presented under a misapprehension as to what the real objects of the scheme were.

593. Did you not clearly place before the meeting that there was not the slightest intention of applying for inclosure?—In as clear terms as I could; and I drew special attention to the Preamble of the Commons Act, that the Commissioners are not to recommend any scheme for the sanction of Parliament unless they are satisfied that it will be for the benefit of the neighbourhood.

594. Do you happen to know whether Mr. Harris has been in the habit of paying anything to the other copyholders for their rights so as to make exclusive use of the common himself?—No, I did not hear of that; I have heard that he had exercised the rights very much

*Chairman—continued.*

in excess of what were supposed to be his legal rights.

595. Do you know what sort of acreage he farms there?—He has 120 acres of copyhold and he farms 300 or 400 acres more.

596. Is any of that his own property?—I think he has some of his own property as well. There were one or two other objections that were raised at the morning meeting. Mr. Harris's son thought that if the common were built upon the rights of the commoners would be increased in value, and that therefore they ought not to be interfered with now.

597. And you explained that they would not be interfered with?—Yes. At the evening meeting Mr. Harris repeated his objections; then Mr. Cox, a dissenting clergyman, was afraid that if the management of the common was vested in the Land Commissioners, the enjoyment of it by the general body of the inhabitants would be interfered with, and he thought it would be a different matter if the inhabitants could choose their own conservators. I explained that the Land Commissioners would have nothing to do with it, that the conservators would be appointed by persons interested in the common itself; and I suggested that probably there would be no objection on the part of the applicants to a certain number of the conservators being chosen by the ratepayers; that was at once assented to, and it was suggested that three should be chosen by the copyholders and three by the ratepayers.

598. That is to say, it would be half and half? Yes. Then one of the labourers thought that if the common was regulated they would be stopped from trapping birds and putting up cocoa-nut sticks.

599. What did you inform him on that point?—I said that the conservators would probably make bye-laws for the regulation of the common in such a way as to be of the greatest advantage to the general public.

600. Did you point out anything with regard to the allotment gardens?—No, there was nothing settled at that time. In cases of regulation it is not usual to require allotments for gardens to be set out with the same strictness as in cases of inclosure; but I considered the question of gardens, and I found that the garden accommodation was very small indeed. I pointed out that matter to the Commissioners, and it was subsequently arranged that these 10 acres of garden should be provided.

601. At the time of the meeting it was not known that there was to be this 10 acres of allotment ground?—No.

602. This is a suburban common in the common acceptance of the Act?—Yes, it is suburban as regards Southsea and Portsmouth. Notice of the proceedings was served upon the Corporation of Portsmouth, and I was informed at the meeting that one of the promoters had seen both the Town Clerk and the Mayor of Portsmouth, who informed him that they did not intend to be present at the meeting, but that they approved of the scheme.

603. At the present moment it is about 12 miles, is it not, from Portsmouth to get round to Hayling?—By the road.

604. What

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Mr. LEACH.

[Continued.]

*Chairman—continued.*

604. What is the distance if they come across by the ferry?—About  $3\frac{1}{2}$  miles.

605. To Southsea Common?—Yes.

606. Are there games played on the common?—The principal game which is played there is golf; but in summer the people come out a good deal from Southsea and Portsmouth and roam over the whole of the common.

607. The playing of golf will not interfere with any rights of the commoners in any way, will it?—No.

608. It is not possible to play cricket there, or anything of that kind, is it?—There is a cricket ground close by, which is given by Colonel Sandeman.

609. Whereabouts is that, not on the common?—No, it opens from the common in a field close to Westfield on the map.

610. Did you visit any of the cottages in Hayling South?—I did not go into any; I walked round them and I saw what the gardens were.

611. Did you have your attention called to the quantity of ground used as garden ground to those cottages?—Yes.

612. Are they inadequately supplied?—Very.

613. And those 10 acres proposed in this scheme would be a great boon to them?—I should think certainly it would. I may say, in order to make quite sure, that I do not miss any cottages. I get the rate-book before I go on the ground as a rule, and take out from it every cottage, with the amount of garden ground which is attached. I was informed by the assistant overseer that the extent of garden to each cottage was shown in the rate-book, and in only 13 cases out of 80 was any garden mentioned as attached to cottages.

614. The number, I see, is 80, and to the 67 who have not got garden ground the 10 acres would be a very great boon?—They would; set out in such positions as may be convenient to the cottages.

615. That garden ground would be let in the ordinary way by the conservators, or the overseers and churchwardens, to the cottagers?—It would be vested in the churchwardens and overseers, in accordance with the provisions of the Commons Act, 1876, who would be bound to let it to the poor at an agricultural rent, and they would apply any rents obtained from the gardens in the improvement of the gardens themselves, or in the acquirement of more ground for the same purpose.

616. Then, as I understand, you propose to give 10 acres of the common to the lord of the manor in lieu of the 10 acres of good ground to be given for cottage gardens?—That is so.

617. And I presume that the Land Commissioners will take care that the ground which is so given in exchange for this common ground shall be valuable ground, and fit for that which is required for cottage gardens?—I have no doubt they will require the best ground that can be obtained for the purpose, both as regards quality and situation.

618. Then I see further that, with a view to raising money for the future expenses of the conservators, there is to be reserved one acre for sale?—Yes; it was thought that if the building develops, and Hayling becomes a large place, the expenses of the conservators will be very

0.72.

*Chairman—continued.*

much increased from what they are likely to be at present, and that if they have this acre given to them now (it is not of much value at present, but will be eventually of value for building land) they can sell that and raise a fund to meet the increased expenses.

619. You were staying there some considerable time, I suppose, at Hayling?—No, I spent two days there.

620. Have you been there at any other time?—Not within the present year; I had been there once before.

621. But during those two days did you hear any talk of the probability of the place increasing very quickly?—Yes, I think it has been under consideration, and hopes have been entertained that it will develop into a watering place for a good many years.

622. But you know that there are a great number of places in the same situation as Hayling Island, which have hoped and hoped and their hopes have not been accomplished?—That is so; but it is a very charming situation, and with improved access it might be made different.

623. I presume the main thing would be a railway and a road?—Yes.

624. You propose that the  $4\frac{1}{2}$  acres in front of Westfield should be sold, and that the proprietors of Westfield should have the right of pre-emption if they chose to give such an amount of money as the ground may be thought to be worth to purchase that  $4\frac{1}{2}$  acres?—Yes.

625. That  $4\frac{1}{2}$  acres is in a hollow?—Yes, principally. The part nearest the sea by the present road is the highest; then there is a hollow, and the ground rises again a little near the fence of Westfield, but is about four feet below the level of the road.

626. You think there would be a sufficient amount of money derived from those two sources to carry out the two objects named?—I should think in all probability.

627. With regard to the road, did you look at the road in front of Westfield?—Yes. The question was raised at the morning meeting, and I requested Mr. Harris and Mr. Crasler, the two gentlemen principally interested in it, to point it out to me; there is a track there, but not a defined carriage road. I was shown by some of the applicants minutes of a vestry meeting in which the question of the road had been raised by Mr. Crasler some few years before; certain evidence was adduced before the vestry, and the vestry then decided that there was no public carriage road there, and they decided not to take any steps in the matter.

628. Is there a public footpath there under the fence?—There might be a footpath.

629. Is it claimed as a footpath?—I do not think they drew any distinction between road and footpath, they claimed it as a road; it is all open. If it is a public footpath the regulation proceedings would not close it; it could not be closed without the consent of the magistrates.

630. If it is a public footpath, nothing done by the regulation of the commoners would interfere with the right of that footpath?—No.

631. That right could only be interfered with by going before the magistrates in quarter sessions?—Yes, if after giving full notice of intention to stop it, any objections were raised.

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632. With

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Mr. LEACH.

[Continued.]

*Chairman—continued.*

632. With regard to the road which I see is proposed upon that large plan, I see that road makes a straight cut, instead of going round the bend up to Westfield fence, and goes across the top, as I understand, of the brow that there is there?—Yes.

633. Is that a road that would be more convenient for the majority of those using that road, than the old road?—As I understand, it is the site of what at present is used as a road; any vehicles that go along that way at all (there is not a large traffic) would go along the road proposed to be set out.

634. Is that a road, if it were set out, that the parish would take to?—I should think so, certainly.

635. Is it a road that would require any protection or defences from the sea?—I am not an engineer; but I certainly was very much surprised to hear the objection raised that any defence from the sea was necessary; it is considerably above the level of the sea.

636. Is there much shingle between that and the sea?—Yes, a good deal; and the beach slopes rapidly as it gets near the water; I forget the exact distance, but where the common ceases there is a rapid slope on to the beach of some seven or eight feet, and then the shelving is more gradual.

637. I do not know whether you understand anything about the deposit of shingle; is it a coast upon which shingle easily deposits?—That I can hardly give an opinion on.

638. Is it of the same character as the South-sea beach?—I think it is very much the same; I believe there is an engineer in attendance here who would be probably able to give you information upon that point.

639. Your view, looking at it as a whole, is that the scheme as proposed, if passed, would be in the general public interest?—I should think it would be very much in the general public interest.

*Mr. Buxton.*

640. There are a good many commoners with rights over this, are there not?—Thirty-eight.

641. Supposing this scheme were not passed, I take it that it would be by no means easy for the lord of the manor to inclose; you have no doubt in your own mind of the rights of those commoners, have you?—Rights of common have been exercised to a sufficient extent to make it very doubtful whether any lord of the manor could inclose in opposition to the rights of the commoners; but I should say that the common was sold in lots as late as 1870, and there was in the conditions of sale no specific reference to the rights of common; I believe the rights of common have been only exercised by a few people.

642. You have stated in the paper before us that there are a certain number who claim the right to cut furze?—Yes.

643. You have no doubt that that would be a claim that would be put in if anybody attempted to inclose?—It might or might not; I should think it probably would.

644. I understand you to tell us that you stated at the meeting that it was not intended to inclose the common?—Yes.

*Mr. Buxton—continued.*

645. But were those who attended the meeting fully informed that it was intended to enclose a considerable part of it?—I think they were, certainly; certain portions, not a considerable part, because a considerable part is not intended to be inclosed, but that a certain portion was intended to be sold was certainly stated by me.

646. Do not you call the 1 acre and the 4½ acres, and the 10 acres, a considerable portion?—Not considering the acreage of the common.

647. You have no doubt, I suppose, that this will develop into a considerable watering-place; it is to a certain extent a popular resort in the summer now, is not it?—Yes.

648. You have no doubt that this land which is coloured pink, which is proposed to be given up for building purposes, would be of very considerable value?—If Hayling developed it would be.

649. What is the value of good agricultural land there?—I think it would be worth something like 35 s. to 2 l. an acre to let.

650. What would be the selling value of it?—That I did not inquire.

651. At the present time good agricultural land in my county has been sold for 10 l. an acre; I suppose there it would be worth a little more?—I should think it would be worth very much more.

652. If Hayling developed as an important watering place, what would be the value of that land as a building speculation?—I am afraid that I cannot answer that question.

653. A great deal more than the value of agricultural land, would it not?—I presume it may be taken that, as a general rule, building land is more valuable than agricultural land.

*Sir James Ferguson.*

654. Has there been any considerable increase of building or settlement there of late years?—I think not; I think the great majority of the present houses were built a great many years ago, certainly 20 years ago.

655. So the prospects of increased settlement are no larger now than they have been for a good many years past?—They would not be if it were not for this improved communication that has been spoken of, and for the fact that the lord of the manor is a very wealthy man.

*Mr. Arch.*

656. In the printed correspondence it is stated "that the inhabitants and visitors will lose their free and unrestricted use of the common, being limited in future by such regulations as the four land-owning conservators may be pleased to sanction"?—Such a statement is utterly without foundation.

657. Of the conservators, it is now suggested that three should be elected by the commoners and three by the ratepayers?—Yes. It was suggested at the meeting by persons who were not interested in the common that they would be more satisfied if the ratepayers had the power of electing some of the conservators. Colonel Sandeman, on behalf of the applicants, said that there would be no objection to the ratepayers having that power, and I suggested that half the conservators should be elected by the commoners and half by the ratepayers.

658. Would

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Colonel LEACH and Mr. LEACH.

[Continued.]

*Mr. Arch—continued.*

658. Would the conservators have the right to stop men catching birds on the common?—They would have power to make such regulations for the general use of the common as might be considered reasonable, and would be approved either by the Land Commissioners or the Home Office; much the same sort of regulations as would be made for Wimbledon Common, or any of the metropolitan commons.

659. Would the conservators have the power to prevent people playing on the common at golf and so on?—No.

660. Would the Commissioners have the power to see that the 10 acres of land which is to be let out to labourers was first-class agricultural land?—The 10 acres are to be approved of by the Commissioners, and it may be taken as certain that they would not approve of the land proposed to be allotted to the labourers unless it was both good land and in a good situation, convenient for the cottagers for whom it is intended.

661. Would the 10 acres be in close proximity to the cottagers' dwellings?—That would, certainly, be one of the most important points.

662. The Commissioners would see that it was good land?—Yes, certainly.

*Mr. Hunter.*

663. I wish to have an explanation on one point; to provide for the future expenses of the conservators it is proposed to reserve for sale one acre; then I find further down that, in order to pay the expenses of the regulation proceedings, it is proposed to sell  $4\frac{1}{2}$  acres in addition; what are the expenses of the regulation proceedings?—The expenses incurred up to the present time of getting the Provisional Order, and probably the expenses incurred here, and the expenses connected with the final award to settle all the rights.

664. Do you think the expenses of the regulation proceedings would be so great as to require  $4\frac{1}{2}$  acres?—The conservators would probably like a certain fund to fall back upon, but the expenses of obtaining the Provisional Order of attendance here, and of completing the award, will amount to something.

665. Has any estimate been made of the Probable expenses, and of the probable value, of the land, so as to see that  $4\frac{1}{2}$  acres is a suitable equivalent for the expenses?—No; that is a thing that could hardly be done at the present time.

666. Who are the conservators under the Provisional Order?—No conservators have been appointed.

667. What is the qualification for conservators?—As a rule, under a regulation, the conservators are persons interested in the common. That is to say, persons having common rights, because under the Commons Act rates can only be levied, if necessary, by persons interested in the common; but sometimes the Commissioners, where it has been considered desirable, have approved of other persons being appointed conservators, besides the persons interested, and probably that would be so in the present case.

*Mr. Jasper More.*

668. Do the public generally take the initiative in asking for the regulation of a common?—I do not think I have heard of any case in which they have done so, except in the case of metropolitan commons.

669. They did not do so in this case?—No.

670. You took the initiative?—No; the application came from persons interested, the landowners and the commoners.

671. They made the application first, did they?—Yes.

672. Did you say that there were to be six conservators?—The number has not been fixed yet, it was merely suggested.

673. You said that three of them were to be landowners?—It is proposed that three of them should be selected by the landowners and commoners.

674. Are there only to be three selected by them?—That was the suggestion. The body of seven would probably be found a workable number; it would be a usual thing to let the lord of the manor appoint one, then the commoners would appoint three, and the ratepayers three. That was merely thrown out as a suggestion by me to meet an objection which was raised. It was assented to by the applicants, but it is too early a stage to settle the matter.

675. One acre is proposed to be sold for the future expenses of the conservators; what expenses are those expected to be?—If the building scheme progresses and the place becomes large, it was expected that the expenses of managing the common would be increased, and it was thought desirable that the conservators should have a piece of land vested in them which they could sell to raise money to meet this increased expenditure; probably it would remain as part of the common until it was wanted for sale; they would have it to fall back upon if they wanted money at any time.

676. The expenses would not be very considerable if they could be covered by the sale of one acre; have you any idea of the value of land there; would you say that it is worth 30*l.* an acre?—I should think this piece of land is at the present time worth very little, because it is almost shingle, but if it became building land it would be worth a good deal.

*Viscount Lewisham.*

677. One question with regard to the rules; they have to be sanctioned by the Land Commissioners?—Either by the Land Commissioners or by the Home Secretary.

678. They have to be sanctioned before they are enforced?—Yes.

*Mr. Walter James.*

679. Who made the first application to you about the regulation of this common?—It came from the landowners and commoners.

680. Who were they?—I cannot tell you the names at present. I could obtain the information.

Colonel Leach]. This is the application (handing it in).

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Colonel LEACH.

[Continued.]

Captain WILLIAM H. O'SHEA, a Member of the House; Examined.

*Chairman.*

681. You are Member for the town of Galway?—I am.

682. You wish to give evidence before this Committee with regard to the regulation of Hayling Common?—I have a considerable knowledge of the place, and I have been asked to give my opinion upon the subject.

683. You know what it is proposed to do in the general interests of the public?—Yes.

684. From your knowledge of Hayling, do you think that the scheme that is proposed by the Commissioners is one that would be for the general advantage of the public?—Yes, I have no doubt it would be, and I think it would be more especially to the advantage of the inhabitants if the portion of the scheme which gives 10 acres of good agricultural land to labourers were thoroughly well carried out, otherwise I should not be here.

685. You know Hayling Island well?—Yes, I know it very well.

686. And you know how inadequately the labourers there are now supplied with cottage gardens?—Yes.

687. Your great object in coming here to-day, as I understand you, is to assert that the 10 acres as proposed to be given in lieu of a piece of the common, if that 10 acres was good ground, would be to the great advantage of the agricultural labourers?—That is my strong opinion.

688. Do you know most of the cottages?—I have been round them and seen them; I have not been in them; I know they are without allotments.

689. Are you aware that there are 80 cottages there?—So I have been told.

690. And 67 of those cottages are without gardens?—I believe that is so.

691. At all events a large number are without gardens?—Yes.

692. Have you anything further to say on the subject of this proposal to provide labourers' allotments?—I wish to say that it is utterly impossible to provide allotments for the labourers otherwise, inasmuch as the agricultural value of the commons is nil; one might as well try and grow a crop on this table as on the common itself, and consequently the only chance you have of getting allotments provided, is to get this exchange; then with regard to the advantage which the common is to the place, broadly speaking, to my mind it is essential that it should be brought under fair regulation, inasmuch as there is no doubt that latterly the common has been very much cut up by persons galloping over it on horseback and otherwise; the soil is so poor, and the turf is so shallow that it will not allow of anything like treatment of that kind. If the common is not to be cut up altogether, and if there is a future for Hayling, which I think there is if they can bring a bridge and a railway, it would be very advantageous for the common that it should be brought under fair regulation.

693. Do you propose that nobody should ride over the common?—No, I propose that they

*Chairman—continued.*

should ride over it as over anywhere else under fair and proper regulations; that they should not ride over it unrestrictedly. I think there should be some regulation, unless there is some regulation even in hunting, we should very likely to get into trouble in many places.

694. It has been proposed that of the conservators three should be elected by the commoners and three by the ratepayers, so as to give the ratepayers security; do you think that a fair arrangement?—I think it an extremely fair arrangement.

695. You said something about the future of Hayling; do you think there is any immediate prospect of any great increase of building there?—No, I do not, I am rather sceptical upon that point; I think if there was great encouragement, and I think this would be some encouragement, there are some persons there who are wealthy who might exert themselves under the circumstances to get the bridge made, which has already been spoken of by Colonel Leach, and perhaps a railway; I think if there was a railway from Southsea, there would be a very considerable future in Hayling, otherwise I do not see there would be.

696. I ask you this, as a soldier: how far are the batteries from the 10 acres that are proposed to be given to Mr. Park in exchange for 10 acres elsewhere?—As a soldier, I am ashamed to say, I cannot give you a straight answer; I have not measured the distance, though I have constantly walked it.

697. Is not that 10 acres a piece of ground that could not be so available for other purposes, on account of the proximity of the battery?—No doubt.

698. And, therefore, not so likely to be built on as other portions of the ground in the neighbourhood?—I should be sorry to say anything in deterioration of the value of that land, but I should be sorry to build there myself, on account of the report of the guns at the fort.

*Mr. Walter James.*

699. In your opinion would it be a good thing for the neighbourhood if Hayling was converted from its present state to that of a suburban place in the neighbourhood of Portsmouth?—I think it is, to a certain extent, a suburban place. Now you see the people crossing over the ferry on Sunday afternoon in very large numbers, and I think it would be very advantageous that every help should be given to it as a sea-bathing place, and I think it is advantageous that people should come into it.

700. In that case the general character of the place would undergo some alteration?—An alteration, I think, for the better.

701. Some people might think it for the worse?—There are some people who are extremely exclusive, of course.

702. Do you think, in the event of its becoming a bathing-place, and this 10 acres proposed to be handed over to Mr. Park being built over,

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Colonel LEACH and Captain O'SHEA, M.P.

[Continued.]

*Mr. Walter James*—continued.

over, the 10 acres of agricultural land that would be given in lieu of it would be an equivalent?—I am not a prophet. I cannot answer you with absolute certainty; but taking the matter as it stands at the present moment, I think it is a handsome offer of Mr. Park. I am talking as a man of some experience in matters of this kind, and I think the offer of Mr. Park to exchange for this 10 acres 10 acres of very good land, which the Commissioners are to see are given instead of it, is a very handsome offer.

703. Have you heard of any proposal to develop a railway from Portsmouth to Hayling with the view of converting Hayling into a bathing place?—I have heard it talked about every now and then.

704. Do you know whether it has assumed a practical shape?—I know nothing about that. I believe the bridge at one time assumed a practical shape; I understand so. I really know nothing at all about it at the present moment.

*Mr. Buxton*.

705. Do you say that you regard it as rather an exclusive thing to wish to keep the whole of this common open?—No. I was asked by the honourable Member on the right of the Chairman, whether I thought it would be advantageous or disadvantageous to the town of Hayling that it should be made less exclusive than at the present moment; whether I thought it would be

*Mr. Buxton*—continued.

advantageous for the town if there was a bridge and railway to it.

706. Do not you think that the exclusive action is rather where you inclose land which has for generations been open?—That was not the question. I was asked whether I thought the town would benefit by its being less exclusive, that is to say, I was asked whether I thought the town would benefit by more people coming into it; of course, I think the town would benefit by more people coming into it.

707. Have you any doubt in your own mind that in a few years time these 10 acres which are to be taken out of the common and inclosed would be infinitely more valuable than the 10 acres which it is proposed to give in lieu of them?—I have the very greatest doubt.

708. Are you aware what esplanade land is worth at watering places?—Yes; but what I think is very doubtful is, whether this bridge and this railway will be constructed within 10 years, otherwise I should be altogether with you; but I think it is extremely doubtful, and I think it would be a very great encouragement to Mr. Park, who I am told is very wealthy, to assist in the construction of the bridge and railway, if he got this 10 acres where he could get a return from it; otherwise, I think, it is very doubtful whether the bridge would be made in, say, 10 years' time. If you do not put these 10 acres into his hands, I think you will not gain the advantage to the town of having the bridge and the railway made; I am talking in the air about this, because I know nothing about those schemes.

Mr. GEORGE GUMBLETON, is called in; and Examined.

*Chairman*.

709. Do you reside at any time of the year at Hayling?—No, but I have been a frequent visitor there the last four or five years.

710. You have gone down there to stay?—Yes; I have been the guest of Colonel Sandeman, and of Mr. Sandeman at Westfield.

711. You know the state of the common?—Yes, I am acquainted with the state of the common.

712. What sort of state do you consider the common to be in?—It is in a very bad state now; it has gone steadily from bad to worse.

713. In your opinion would the regulation of the common be a great benefit to the neighbourhood?—It is almost imperatively required.

714. What would be the advantages to the neighbourhood?—The common would be kept in decent and proper order, and there would be a space provided for recreation and amusements.

715. People coming from Portsmouth and Southsea, and all that district, would be able to enjoy themselves upon the common, which they would be able to roam over at pleasure?—Most certainly.

716. Games are played there; do you play golf yourself?—Yes, I play golf.

717. Playing at golf would not interfere with the enjoyment of the common?—Not the slightest; but rough games, football for instance,

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*Chairman*—continued.

would interfere with the state of the turf, you cannot gallop over it or play football on it without injuring it.

718. Do you know anything about the cottages at Hayling?—No.

719. You are only here to-day to state that from your knowledge of the place, and from having stayed there frequently, you believe that the regulation of this common would be very much in the interest, not only of the occupiers of houses in Hayling Island, but also of the general public outside?—Precisely.

*Mr. Walter James*.

720. Is the surface of the common injured by those who use it at present?—Yes, in front of the houses and the hotel, where the *élite* are, it is very much injured; in some places, I think, irreparably by football. I think the turf has been destroyed.

721. Do you mean over all this common of 120 acres?—Over one end of it near the hotel.

722. If you were to have the common regulated, you would prohibit football?—Not prohibit it; there is a place provided for football players in Westfield, where they can do no harm at all.

723. Do you think there is any harm in people playing football?—Not in a proper place; this is not a proper place for it.

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724. Where

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Colonel LEACH and Mr. GUNBLETON.

[Continued.]

*Mr. Walter James*—continued.

724. Where do you think is the proper place for it?—The field provided in Westfield, where there is plenty of space.

725. They have been in the habit of playing in front of the hotel?—If they have, they have done a great deal of harm by doing so.

726. You think, under a regulation scheme, these people would be stopped?—I do not know about that; it would depend on who the conservators were.

*Mr. Jasper More.*

727. Do not you think the *élite* would like to see them play in front of the hotel?—They can go and see them play a few hundred yards off; you might just as well ask them to play in the gardens in front of the Esplanade at Brighton and spoil all the gardens there.

*Viscount Lewisham.*

728. Does the football playing interfere with the golf playing?—I have never seen them when they have been playing; I should say they would, slightly.

Colonel SANDEMAN, called in; and Examined.

*Chairman.*

736. I THINK you have a house, and reside, more or less, during a great portion of the year at Hayling Island?—About ten months in the year.

737. Your mother, Mrs. Sandeman, has a nice place there, Westfield?—She lives there about six months in the year.

738. You are one of the principal supporters of this scheme?—Yes.

739. What is your great object for wishing to have the common regulated?—The objects of the promoters of the regulation scheme have been several. The common has been a constant source of irritation and quarrel in Hayling for many years, on account of the differences of opinion between the owners of the soil and the copyholders. The common has been for 50 years a sort of Tom Tiddler's ground, where nobody has ever known what his rights were, and the object of the promoters of the scheme has been to put an end to all those disputes, and to secure the common to the public for ever, and also to prevent any combination between the lord of the manor, the owners of the soil, and the copyholders, by which the copyholders' rights could be bought out, and the common inclosed for private purposes.

740. Do you happen to know the number of copyholders that there are?—There are about 38 copyholders who exercise rights of herbage and furze, turbary, and gravel; there are about 19 who exercise rights of cutting furze alone; and four or five who exercise rights of gravel.

741. Does Mr. Harris exercise large rights on the common?—As far as I know he is the only copyholder who exercises any pasture rights, as far as sheep are concerned. I do not recollect seeing any sheep except those of Mr. Harris. Perhaps I may have seen some of Mr. Triggs', but I think that the herbage rights are solely exercised by Mr. Harris.

742. Are you aware whether Mr. Harris pays the other copyholders for allowing him to have

*Sir James Fergusson.*

729. How does playing football injure the common?—The turf is so thin that playing football with rough hobnail boots, or driving over it with carts or horses, cuts it to pieces entirely; then the shooting of refuse would also be prohibited.

730. Refuse is shot there now?—Yes; I have seen unsightly objects, old iron, glass, paper old hats and boots, certainly, disfiguring the place.

731. Is there no power at present of stopping people shooting refuse?—No, I should think not.

732. People go about the common without let or hindrance?—Yes.

733. Do you say that of your own knowledge?—No; I only fancy that it is so.

*Mr. Buxton.*

734. The football players would not play football where they do unless they wished to do so?—I suppose not.

735. They probably prefer playing there to anywhere else?—That may be so.

*Chairman*—continued.

the sole right of turning sheep out on the common?—I do not think it is at all likely; but I have never heard it mentioned.

743. I think the right of soil is divided between six owners?—Between six owners.

744. Who is the lord of the manor?—The lord of the manor is Mr. J. C. Park.

745. Mr. Park purchased from Padwick's trustees the right of the manor?—Yes.

746. How did the other proprietors get their rights in the soil?—As far as Mr. Sandeman, my father, is concerned, he bought the ownership of the soil in front of Westfield from the executors of the late Thomas Booth Tyndale, who died about 1855. A man of the name of Brooks bought the adjoining portion in front of the hotel and crescent; and Mr. McEwen bought his part in front of my house at the same time, I think, from a Mr. Brooks, who bought it from the trustees of Padwick.

747. So, in fact, the soil of the common was divided, whilst the manor was conveyed intact to Mr. Park?—Yes; I do not think the owners of the soil have any manorial rights whatever; the manorial rights are vested solely in the lord of the manor; the owners of the soil have only the fee simple of the soil. It has always been bought and sold as freehold, and a corresponding price paid for it; I presume there is very little doubt that the lord of the manor, and the owners of the soil, if they chose, could combine to buy out the copyholders, and if the copyholders consented to sell their rights, in point of fact the whole of the common could be inclosed. It has been the object of the promoters to avoid that.

748. Your great object, as I understand you, has been to put it out of the power of the lord of the manor, and the owners of the soil, to inclose different portions of the common that are in front of their property?—Exactly.

749. And your object also, so far as I understand from what you have stated, is that it should remain

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[Continued.]

*Chairman*—continued.

remain open to the public for ever?—Yes, certainly, under certain restrictions. The preservation of the turf has been another object of the promoters; the turf there is very thin, and immediately underneath it is coarse shingle, and directly the surface of the turf is abraded, showing the shingle, it takes many years for any soil to form on which grass can grow.

750. Your great object, as I understand, is, as well as having this common regulated in the interests of the public, to settle the rights of the copyholders?—Exactly; that is a very important matter. I would say that the copyholder who has exercised almost the sole rights of herbage has no legal right to exercise them to so great an extent.

751. Do you know anything of the vestry meeting that took place in opposition to the scheme after the scheme had been propounded?—I heard of it; I did not attend it.

752. I think parishioners attending that meeting by 100 votes to 49 decided to oppose this scheme now before Parliament?—So I understand.

753. On what grounds?—I have a copy of the resolutions in my pocket.

754. One of the resolutions was thus: "That instead of the proposed sale of four acres of common land opposite Westfield, which would include the right of way running underneath the Westfield fence, the following regulation be laid down: "That the present right of way be made and settled as a public highway, instead of the proposed new road suggested in the scheme, and that the land, outside such public highway, being the balance of the proposed four acres be sold by public auction, and the proceeds applied to defray the Parliamentary expenses, and to defray the cost of making the right of way into a public road." One or two questions upon that point. Is there, so far as you know, a right of way along the old footpath and road running under the fence of Westfield?—It has been one of the subjects of disagreement in Hayling for a great number of years. I hold that there is no right of way along there any more than there is over the rest of the common; the common you can go over just as you like, and I have statutory declarations dating from 1835 up to a few years ago, stating exactly the same thing.

755. You are perfectly aware, that if that is a public highway, neither this Committee nor the Inclosure Commissioners have any power whatever of stopping up that public highway?—Yes, and I have no wish to stop up any public highway; it is a matter in dispute; I do not wish to take any public highway, and I do not think the public ought to take any rights from me.

756. Then the proposal, as I understand is, that a road should be carried upon the higher ground, which would be a greater advantage to the public than the road which runs in front of Westfield fence?—With reference to that, I think the road was taken as indicated on the plan, to the south of the grotto, more with the view to the future than the present. I think the Provisional Order says, that the owners of the lands adjacent to the proposed new road, are to

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*Chairman*—continued.

be at liberty to lay out roads to join the new road. The idea of having a road there was, that when building might possibly occur upon that plot of land, a road in front would be the natural thing, and a road in the rear probably also; but to any road in the rear I dispute the right of the public over.

757. You probably heard Colonel Leach state that no road would be set out without the approval of the parish authorities; that is to say, that no road which was approved by the Commissioners would be set out till it had the sanction and approval of the parish authorities, so that the parish authorities would not, until they had approved of the road, be bound to take it over and keep it in repair after it had been made by the landowners?—Yes, that I perfectly understand; and I think that the Provisional Order will allow the owners of the land to make roads up to their own houses as occasion may require.

758. That, of course, is a matter for the surveyor who sets out the roads in the interests of all the owners and occupiers, and the general public?—True.

*Colonel Leach.*] The Provisional Order provides that the owners shall be at liberty to make these roads, therefore they would be at liberty to make these particular roads on the map without reference to the Commissioners.

759. That does not bind the parish to take those roads over?—It does not bind the parish to take them over. The roads I referred to yesterday, with regard to Stoke Common, would be made useless under an inclosure; these roads could not be made under an inclosure, but they could come under the Highway Act.

760. (To Colonel Sandeman.) Would a road made in the direction proposed be likely to be damaged by the sea, and require any protection?—It is more a question for an engineer to answer, but some 10 years ago there were apprehensions about the sea making serious inroads there; but the wash of the tides has considerably lessened the depth of the whole of Hayling Bay, and where I could anchor in 15 feet of water at low tide, I could not even sail with a vessel drawing 10 feet now; there was a deep hole in front of the lifeboat house which has been completely filled up; the lifeboat buoy in front of the lifeboat house had had to be moved nearly a quarter of a mile to the eastward; eight years ago the water there was 13 feet deep; at present, at ordinary low water springs, the lifeboat buoy is awash.

761. With regard to shingle; does shingle form pretty quickly there; does the wash deposit shingle on the beach to any considerable extent?—The action of the tide varies very much; at times there is a surface of sand, at other times there is shingle, but the shingle has been carried from the east of the island into the bay, which has caused it to get very shallow, and, consequently in gales at high water the waves break very much further out than formerly, and they have very much less power on the shore.

762. What shingle is it that comes from the east?—There is a return current from the harbour

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Colonel LEACH and Colonel SANDEMAN.

[Continued.]

*Chairman—continued.*

hour which makes a swirl round from Portsmouth Harbour and Chichester Harbour. The question of the tides is rather intricate.

763. With regard to the four-and-a-half acres in front of Westfield, what do you suppose that land to be worth?—It is very difficult to say; it is worth whatever anyone would give for it; it is pure shingle, with a very small exception; two-thirds of it is pure shingle.

764. If this common was not regulated, that would still vest in Mrs. Sandeman, as the lady of the soil?—Yes, certainly, she owns the soil.

765. As I understand, that four-and-a-half acres is a very uneven surface; it goes down into a hollow?—Yes.

766. If you are standing in that hollow you can hardly see the sea from it?—You cannot.

767. At times the sea washes over it?—It comes over more where the carts have been in the habit of going for shingle, and where a depression has been formed.

768. If that property was in your possession, would you propose to inclose it, or would you propose to leave it open?—Mrs. Sandeman has expressed her determination not to inclose it.

769. It would be simply marked out as your private property?—Yes, as per private property.

770. With regard to the 10 acres that it is proposed to give to Mr. Park, as the lord of the manor, do you think that it would be for the public interest that he should have that land in exchange for 10 acres elsewhere?—The object which actuated the promoters in indicating that 10 acres was this, also a remote object perhaps, the present building frontage was supposed to be the best; the new buildings could not be expected to take place more in the rear, on account of its being more remote from the sea; but if there was a continuation of the present frontage of building it was thought that this would offer more attractive sites; but it ought to be remembered that as you approach the westward so you approach Fort Cumberland and other forts, which are continually practising with heavy guns, and even at the distance of my house from those forts. I suffer a great deal of inconvenience from the heavy firing, both from the gunboats and from the forts; the nearer you get to the forts the greater the nuisance.

771. Then, in your opinion, that piece of 10 acres is, in the public interests, the most advantageous piece to be given to Mr. Park, in lieu of another piece of ground of 10 acres to be given elsewhere?—Yes; mainly because no other use can be made of it; it is uneven, with nothing but shingle and gorse upon it.

772. In your opinion, in the interests of the labouring population of Hayling Island, it would be an advantage to give Mr. Park that piece of ground, so as to get from him 10 acres of good ground elsewhere for labourers' gardens?—I think it would be highly beneficial; the original idea was that Mr. Park should take a certain amount of land there; it was more than 10 acres, and give 1,000 *l.* for it; but when I heard that the Land Commissioners said that they would not allow him to take any amount of land, except what was compensated for by garden allotments, I thought this was the best thing that could be done for Hayling.

*Chairman—continued.*

773. You are aware that the selection of ground for the garden allotments must have the sanction of the Inclosure Commissioners, so that there is a guarantee that valuable land will be given in exchange for the 10 acres?—Yes.

774. Living as you do in Hayling Island for so long a period every year, you are aware that there is a great want of garden ground for the labouring poor of Hayling Island?—Yes, there is no doubt about that; four or five acres are already let now to cottagers, and as soon as the cottagers get the land into decent order, then of course it is taken away from them.

775. Will you explain that; who takes it away from them?—The landlord.

776. Who is the landlord?—I cannot mention any particular instances in which that has occurred, but I am informed by Mr. Trigg that that is what has happened.

777. Do you know of your own personal knowledge that such a case has ever happened?—No; I have a statement of Mr. Trigg's here with reference to that.

778. You are not aware of any case of that kind yourself?—No.

779. You are aware that there are 80 cottages in Hayling, of which only 13 have decent gardens? I cannot say that I am aware of that personally. I know there are a large number of cottages that have no gardens.

780. And these 10 acres would give a fairly sufficient amount of garden accommodation for these cottages that have no garden ground?—Yes, I should think they would.

781. There is an acre to be reserved at the end of the pink ground which is to be given to Mr. Park, which is to be sold for the expenses; is that acre in a convenient situation for being sold, and is it in such a situation as to cause less damage to the common by its being taken away there than if a similar quantity were taken from anywhere else?—It is of no use to the common at all, because it is rough shingle. I do not think there is a blade of grass or a sprig of gorse at that particular spot.

782. Unless there is any building, or unless you get your railway and your road, I presume that acre of ground would be of little or no value?—It would be absolutely worthless, I think.

783. Did you or your brother buy a piece of land as freehold?—All this frontage was sold as freehold subject to certain easement.

784. Which freehold?—The whole of it; it was sold under the Order of the Court of Chancery; the whole of what is now called the common, and which is proposed to be dealt with under the Provisional Order.

785. Is not there some particular piece of ground which you possess yourself that you bought as freehold?—Do you mean what is enclosed?

786. I mean what you did not enclose, but which you have agreed shall be regulated?—That refers to the whole of the common which was sold as freehold by the Court of Chancery subject to certain easements. I do not think there is any difference in the tenure at all; it was sold as freehold by the Court of Chancery subject to certain easements.

787. Which

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[Continued.]

*Chairman—continued.*

787. Which rights you were prepared, if you had them, to give up?—Yes, the ownership rights will all be given up, the copyhold rights will be defined, and also I might say, in case building developes, as far as the future is concerned, the ratepayers will have a great benefit, because then the boundaries will be absolutely defined, and there will be no quarrelling as to boundaries in future.

*Mr. Burton.*

788. You referred to five acres of land which had been given up as allotments?—I presume I ought not to speak to anything not within my own personal knowledge.

789. That is not within your knowledge?—No.

790. It is not land of yours?—No.

791. You own a good deal of land about there?—Personally I own very little.

792. The usual practice with allotments is to receive some moderate rent for them; what is considered a fair rent in an agricultural point of view?—Yes.

793. Therefore is there any reason why some of the local landowners, either yourself or others, should not give up certain land for allotments if there is a demand for them?—Probably we shall have to do so some day.

794. You spoke of people having right over the common; some, I understand, have rights of turbary, some of digging gravel, others of cutting furze, and others of pasture?—Yes.

795. With regard to the right of pasture, I understand it is only one man who exercises it; is that so?—I have never seen any sheep there belonging to any one but Mr. Harris and Mr. Trigg.

796. I think we had some information that Mr. Harris made some payment to the other commoners?—I have never heard anything about that; I should think it was extremely unlikely.

797. You have no doubt, I suppose, that those rights of turbary, rights of gravel, and rights of cutting furze, have been exercised for a great many years by certain persons?—No doubt they have; to what extent I do not know.

798. They have those rights?—I fancy they are rights which they have obtained by user, and no one has ever questioned them. As far as the rights of herbage are concerned, I have been told by Miss Padwick that her father used to order Mr. Harris's sheep off. I do not know that of my personal knowledge.

799. I am speaking of turbary rights, and gravel rights, and furze rights; have you any doubt that those rights exist; have they ever been questioned?—Mr. Harris once questioned my right to cut furze for making pathways for the golf club, but I do not think he prevented me.

800. I presume he questioned your right to cut furze, on the ground that the furze belonged to the commoners?—No, the furze belongs, I think, to the owners of the soil; we got leave from the owner of the soil to do so.

801. On what ground did he question your right to cut the furze?—On no ground, so far as I know, except to make himself disagreeable.

802. We were told that those rights are claimed; is not it the case that those rights of cutting furze and other rights of common have been

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*Mr. Burton—continued.*

exercised?—I have no doubt that some rights have; how far I am not able to give you any information.

803. It is not your purpose to dispute them for a moment?—I do not think there is any object in disputing them.

804. But do you dispute them?—No, I have no occasion to do so.

805. The Chairman asked you about certain land, which was frontage land, which was sold; I see on the map Norfolk-cre-cent, and I see one or two sites for houses there, or houses that have been built; had you anything to do with those sales?—Part of that land belongs to me and my brother.

806. Has any part of that frontage land been sold within your knowledge?—Yes, it has been sold three or four times within my recollection.

807. Is it land of high value?—No, I wish it were; I look upon it as a very bad speculation myself.

808. It would not be fair to ask you what it realised when it was sold, but are you prepared to say generally it is of less value than agricultural land in the neighbourhood?—No; I think there is a prospective value to it; if Hayling becomes a watering-place, there is no doubt the land would be valuable.

809. Even at the present moment; judging by the price realised at such sales as have taken place, are you prepared to say that it is not so valuable as agricultural land?—No, but it has a fancy value; if a man thinks that land is likely to be prospectively valuable for building purposes in a watering place, of course he gives more for it than he otherwise would.

810. What is the value of good agricultural land there?—We are better off than in most places in England on account of the climate, and the soil is very good, but I am not a competent judge; I do not think the rents have decreased so greatly in Hayling as in other parts of England.

811. Is agricultural land worth 50 £ an acre, or 60 £, or what?—I should think it ought to be worth more than that. Mr. Harris told me that he lost by farming on his farm during the last few years something like 8,000 £.

*Mr. Jasper More.*

812. What sized farm?—Over 1,000 acres I believe.

*Sir James Fergusson.*

813. Just now all persons can use and pass over the common proposed to be regulated without let or hindrance?—Certainly.

814. Nobody has any right to stop them, and nobody tries to stop them?—No, certainly not.

815. But under the proposed Provisional Order the conservators would be able to regulate the use of the ground as they think proper?—Yes; the object of that is to prevent the turf being destroyed in front of the houses. The turf is one of the principal attractions to Hayling, and if there were 30 or 40 riders riding and galloping over that turf, there would be no turf whatever for the pedestrians; it has now, in some places, been completely denuded of the surface turf, and the shingle appears underneath in front of the houses; that is a great drawback, particularly to those interested in house property on the frontage there.

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816. Were

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[Continued.]

*Mr. Jasper More.*

816. Were you a party to the original application for the regulation of the common?—Yes.

817. Did you calculate how the expenses of the regulation would have to be paid?—No; I did not know the operation of the Land Office at all; in fact, the idea proposed first was that Mrs. Sandeman, the owner of Westfield, should pay at the rate of 50*l.* an acre for the shingle bed in front of Westfield, but as the Land Commissioners pointed out when I attended at the office, that was a proposition they could not entertain; they said that whatever was given for the frontage should be sufficient to cover the expenses of regulation, and they asked me whether I had any objection, and I said on the part of my mother I had no objection.

818. I do not understand your answer; did she stipulate to pay a sum which would be sufficient to cover those expenses?—The original idea was before we knew anything about the operation of the Land Office, or as much as we do now, that my mother should give at the rate of 50*l.* an acre for what would be enclosed in front of Westfield; but, as the Land Commissioners pointed out, that was a thing they could not entertain, because they had power only, as I understood, to raise a sufficient sum to pay for the expenses of the regulation.

819. That would be some criterion of the value of the land that it was proposed to sell, I suppose?—That I do not know; I do not know what the expenses are likely to be.

*Mr. Wroughton.*

820. Have you any idea what it would cost the owners of the soil to buy out the owners of the copyhold; have you any idea what their rights are worth?—It is difficult to say, but I should think that 2,000*l.* would do it.

821. Then the owners of the soil would be in a position to take over the whole of the land for building purposes, that is to say, if they bought out the copyholders?—So I understood from the Land Commissioners.

*Mr. Walter James.*

822. Upon what do you base your belief that it would be 2,000*l.*?—The extent of the commons is 126 acres, and it is worth about 3*s.* 6*d.* an acre, which at 20 years' purchase will make 640*l.*; so that such an offer as 2,000*l.* would be very likely to induce the copyholders to sell.

823. But, supposing that a great many houses were built about here, and it became developed as a sea-bathing place, do not you think that the copyholders' rights would be worth a great deal more than 2,000*l.*?—No, because they have only rights of herbage; they have no rights in the soil at all.

*Mr. Jasper More.*

824. The herbage is of very little value?—Very little indeed.

*Mr. Walter James.*

825. With regard to the four acres immediately in front of Westfield House, you said you were in favour of people going about enjoying themselves under certain restrictions; what restrictions would those be?—In the first place the turf should be preserved, and stones should not be allowed to be thrown over the common; those are the only two.

826. Has the turf been much damaged in front of Westfield House?—There is very little turf there; in front of the hotel it has been very much damaged by football playing and playing quoits, for which it is not at all fitted.

827. People have been in the habit of playing quoits there for a long time, have they not?—No, I have only seen quoits played there within the last 18 months.

828. Is there any objection to their playing quoits there?—Yes, it breaks up the turf and destroys it for ever.

829. Are quoits played upon such a scale that it has done any serious damage to over 100 acres?—Not serious damage, but it has made the place unsightly in front of the hotel.

830. If you had regulations amusements of that kind would be restricted?—They would be restricted to certain portions.

831. No doubt, if there were regulations, and money to afford it, clay would be laid down for quoits?—Yes.

832. Have people running about in front of Westfield House been an annoyance to the residents there?—No, they cannot run about on the shingle; there is no annoyance.

833. You said, in the commencement of your evidence, that Hayling Common had been a sort of Tom Tiddler's ground; you did not mean in the usual sense in which that phrase is used?—No, I did not mean that; what I intended to mean by saying that it was a sort of Tom Tiddler's ground was, that no one knew what rights there were over it; the owners of the soil claim certain rights, the copyholders claim certain rights and the public claim certain rights, and between the three it is impossible to arrive at any conclusion.

*Chairman.*

834. You are quite aware that the conservators will have it in their power, when they regulate the common, to state where games can be played?—Yes; and I see that the public will have the right also to appeal to the Land Office in case the conservators do not do their duty properly.

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Colonel LEACH and Colonel SANDEMAN.

[Continued.]

Mr. ROBERT FEW, called in ; and Examined.

*Chairman.*

835. I THINK you are the Solicitor for Mr. Park?—I am.

836. And you are a trustee for the Staunton Estate of 200 acres?—Yes.

837. What estate is that?—It runs from here to here (*pointing it out on the map*). We lately put up the front portion of it for sale. This has been put up for sale last summer.

838. Does this belong to Mr. Park?—No, it belongs to the Staunton Estate. We sold this (*pointing it out*), and we gave 330 l. for four acres here (*pointing it out*).

839. You know the locality well?—Yes, I do.

840. What is your view with regard to the proposed scheme of the Commissioners?—I am very strongly in favour of it, and always have been. The best proof that I can give you of that, amongst others, is this: We were about to put up this 220 acres for sale some time ago, and on the announcement of the proposal to make a branch line from Havant to Hayling, I withdrew the property from sale, feeling convinced that Hayling would become a watering place, and that land in the neighbourhood would fetch a much higher figure than at the present time.

841. Your belief is that at some future time, we will not say at what time, Hayling will develop as a watering place?—I will quote a better opinion than my own, that of the late Sir Joseph Paxton, who said to the late Mr. Brassey, father of the present Sir Thomas Brassey, “Brassey, I was some time since lying off Hayling in a yacht, and came to the conclusion that there is something very great to be done there.” With this opinion I entirely coincide; and as to this scheme before the Committee, its adoption will largely promote such a result, as it will get rid of the continual disturbances that have been taking place for very many years about the common rights, while as a further important opening my firm is engaged in obtaining a Bill for authorising the construction of a railway to Hayling from Southsea.

842. Do you think, as a man of business, and as a man with a knowledge of the world, that you have now a good chance of getting this railway carried out?—A very good chance. While I was away just now I had information by telegram which satisfied my mind that the Bill will pass through unopposed. All the boards are in support of it; there is only a little question with the Portsmouth Corporation.

843. Is it proposed to make it an independent line, or would it be worked by one of the great companies?—It would be worked by one of the existing companies. Part of the scheme consists of a bridge both for foot traffic and for carriage traffic. I should add that a project is now coming forward for connecting Bognor with some point, so as to give a continuous coast-line.

844. You think, perhaps, that the line from Southsea to Hayling will be constructed before a line from Bognor?—Yes, I have the greatest confidence in the construction of the line from Southsea to Hayling; I should be sorry to say much about the other.

845. As solicitor for Mr. Park, you are pre-  
0.72.

*Chairman—continued.*

pared to state, I presume, that he would be prepared to give up 10 acres of as good land as can be found for these allotments in a convenient and suitable place?—He would be prepared to provide 10 acres for those allotments upon his receiving this 10 acres of shingle, which is now proposed to be given to him, which has only a prospective value.

846. What, in your opinion, would be the value of the 10 acres of good land that Mr. Park is willing to give up?—It is difficult to answer that question, because those 10 acres are to be given with the approval of the Land Commissioners. I suspect that it would not be desirable to have them in a block; it would be better to have them scattered about at different points; in my own mind I put down the value at 70 l. or 80 l. per acre.

847. Taking your roseate view of the matter, and assuming the line to be made at once, at what would you put the value of the 10 acres of ground that Mr. Park is to have in their place?—Not 50 l. an acre, exclusive of the prospective value, the prospect is so far distant; it is the veriest shingle.

848. I gather from you that, when it comes to the point of the money question, what you anticipate as regards the making of the railway vanishes into the far distance, but, when money is not concerned, it is nearly a reality?—I assume that in 10 or 15 years it would be a very valuable plot of ground.

849. In 10 or 15 years, at any rate, the property would become valuable?—Yes.

850. Have you anything to say with regard to the vestry meeting?—As to what took place at the vestry. I was not present; in fact, very few of the leading landowners were present at it; but I venture, with all respect to the Committee, to suggest that any findings of that vestry must be read in connection with the statements made to them, statements for which I am not responsible, which may have been exaggerated, which may, in fact, have been grossly exaggerated. That consideration seems to me to bear upon any result that the vestry arrived at, not that I admit the vestry has much to do with common lands. In my opinion this scheme would put an end to the interminable discussions as to the rights. A question has been put whether Mr. Harris has not purchased certain sheep rights; as an old steward of a manor, I utterly deny the power of severing the right of common from the land itself.

851. The question that was put, and which was answered, was whether it was known that Mr. Harris gave any money to exercise those rights?—If he did, it could only be during the life of the vendor.

852. Do you know whether Mr. Harris has given any money for the exercise of any rights?—I do not.

853. You have no knowledge as to that?—No.

*Mr. Buxton.*

854. With regard to the value of the land, did I rightly understand you to say that you have sold four acres for 340 l.?—We gave 330 l.  
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31 March 1886.]

Colonel LEACH, Colonel SANDEMAN and Mr. FEW.

[Continued.]

Mr. Buxton—continued.

for four acres, just abutting upon that ground (*pointing to that map*).

855. I understand that the land to which you referred is not all frontage land, but that some of it is back land?—That was all frontage upon the road running to the ferry.

856. That would be 85 l. an acre?—Yes.

Sir James Fergusson.

857. Do you know whether at present any one has a right to interfere or is accustomed to interfere with the people going across the common?—I know of no such legal right. I know that there are certain rights in the copyholders, for instance, there are the rights of turbary, though there is scarcely a blade of grass; and they have the right to take gravel for the roads from the shingle, which they do exercise, but that is almost the only right of any importance that I have

Sir James Fergusson—continued.

known exercised; I have been told that one of the copyholders have been in the habit of riding across the cricketing ground to show his right of ownership *qua* copyholder.

858. Are they ever interfered with in doing so?—There is nobody to interfere with them.

859. At present, as a matter of fact nobody is interfered with whatever he chooses to do upon this common land?—Exactly. Mr. Park only within the last two months suggested whether there should not be a keeper of the common.

860. Has such caretaker been appointed?—No.

861. At this moment, as a matter of fact, there is no interference with individual liberty upon this common?—No, I would rather call it licence.

[The Witness withdrew.]

Rev. JAMES ALLEN BELL, called in; and Examined.

Chairman.

862. You are the Vicar at Hayling?—I am.

863. You appear here as opposed to this regulation scheme?—As the representative of the ratepayers; I am not here in a personal capacity at all.

864. As the representative of the ratepayers, and of the vestry of Hayling, you appear here in opposition to the scheme?—Yes.

865. What is the objection of the ratepayers to this proposed scheme?—The ratepayers object to certain details of the scheme; they object to a certain road which they believe they have a right to, being taken away from them, and a new road being substituted in its place. This plan (*producing a plan*) shows the road as proposed by the promoters of the regulation scheme. The vestry propose that the existing disputed right of way should be made an undisputed right of way, instead of the proposed new. The reasons for that are, first of all, that this road is in direct connection running from east to west, and from west to east, with the road to the ferry (*pointing to the plan*). These roads, which appear to be in direct connection here have yet to be made; whereas, these roads exist. This is the road which is shown on the old manorial map; Mr. Padwick showed his right of way running here (*pointing to the plan*), and the land he sold was divided into two plots here, outside the right of way. I can show you upon the tithe map the old existing road (*producing the tithe map*).

Sir James Fergusson.

866. When you say the road, you mean the right of way, I suppose?—Yes (*the Witness explained the state of things on the map*).

Chairman.

867. Was this a bridle-way, a footway, or a carriage-way?—It is shown as being 28 feet wide upon this map.

Sir James Fergusson.

868. It never was a hard road, I suppose?—No.

Viscount Lewisham.

869. Is that road repaired at all?—No.

Chairman.

870. As I understand you, the first objection of the parish is to that road being shut up?—Yes, exactly.

871. You have heard the evidence which has been given to-day, that if there is a right of way there is no power to shut it up?—Yes.

872. That is a question for the parishioners to get settled amongst themselves; we have no power, nor have the Inclosure Commissioners any power, to stop a public highway, if it is a public highway within the meaning of the Act?—I perfectly understand that.

873. The next question is this: Colonel Sandeman states that Mrs. Sandeman, if the 4½ acres are sold to her, will not inclose them, but will agree that they shall be left open for people to go over the same as usual, the boundary of her property being marked out, that the road should go along the top of the ground, and that it should be made a good road?—Yes, I understand that.

874. Would not that meet the views of the parish?—It would not. That was a proposal that was made some two years ago, but it was not accepted for a moment. The same proposal was made before the regulation scheme came up; certain posts were erected to stop the disputed right of way, and the parish held a vestry meeting to protest against this. The vestry meeting was called by Mr. Harris, Mr. Trigg, and one or two others, and a resolution was then passed to call upon Mrs. Sandeman to remove those posts which had been erected to stop the disputed right of way. Mrs. Sandeman removed them, at the same time protecting herself by saying that she did so as a matter of courtesy to the parish, but without prejudicing her rights. I think that was in November 1883. Then in

31 March 1886.] Colonel LEACH, Colonel SANDEMAN and Rev. J. A. BELL. [Continued.]

*Chairman*—continued.

in June 1884 Mr. Trigg sent in a notice signed by himself, and Mr. Harris, and Mr. Crasler, requesting the churchwardens to call a vestry meeting, in order that steps might be taken to settle this right of way, and to make it a public carriage-way. The vestry met, and the meeting was eventually adjourned without any resolution being come to. In 14 days another vestry meeting was held, at which only 12 were present; at that meeting certain statutory declarations were brought forward, one by the surveyor, Mr. Lewis, who was then 30 years of age, to the effect that he had known Hayling all his life, that he had made the tithe map, and other maps, that he had never known such a road in any defined line, and that if he had known such a road it must have appeared in his maps. (Probably it was owing to his advanced years that he made that declaration, because the road, as you have seen, does appear in his map, and his son has now made an affidavit to the effect that his father was in failing health and, probably, memory; that he has examined the maps made by his father, and has found the road shown). Upon the strength of that evidence, and also on the strength of evidence of four old inhabitants to the effect that they had never known that road used in any other way than any other part of the common, the vestry passed a resolution, for which six voted, there being two dissentients, that the road was not a public road; but I believe the resolutions which one vestry meeting passes have no force upon any other vestry meeting.

875. That shows that it is a disputed question?—There is no doubt about that.

876. Your proposal is this on behalf of the parish, that they shall make a road at their own cost, and to relieve Mr. Sandeman from making the road, they are prepared at once to make the road, and take it over as a parish road?—I have my own opinion, but I have no power to go beyond the resolutions passed by the vestry. My opinion is, that undoubtedly, if the parish were prepared 18 months ago to make that road themselves, they are prepared to do so now.

877. They do not care to accept the offer of a road which is very nearly as convenient, if not quite as convenient, at the expense of somebody else?—No, because they are afraid that if that road were made and the sea encroached (which is an engineering question which I, as vicar, cannot profess to give any definite opinion about) expense might be caused to the ratepayers. No doubt the sea has encroached; I do not see how there could be any absolute certainty that the sea will not encroach there again. I believe it will, and the ratepayers say that if it does, and they have to erect a sea wall, the expense will be enormous, judging from the experience of neighbouring seaside places, and the burden of increased rates falling on tenant farmers and other people who could ill afford it would be very great.

878. How long have you been in Hayling?—Five years.

879. Has the sea encroached in that time?—That I cannot say.

880. You are perfectly aware that the Inclosure Commissioners, before any road is made, must ask the parish whether they would be satisfied.

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*Chairman*—continued.

fied with the road as proposed to be set out, which they would take over afterwards?—I understand from Colonel Leach, that that refers to other roads, that the necessities of the parish may require to be made, but not to the roads which it is now proposed to give the landowners power to make.

881. I take it that this road would come under a different category?—

Colonel Leach.] The road under Westfield would come under a different category; it would come under the provision that enables the Commissioners to require such roads as they may think proper.

882. (To the *Witness*.) This is a general public road, and, therefore, it would come under a different category, and would be subject to the proviso to which I have referred, that if set out by the Commissioners, it would be subject to the approval of the parish authorities before it could be taken over by the parish authorities?—That is to say, that if this new road be made, it cannot be made without first obtaining the consent of the vestry; so that if you passed this scheme it does not necessarily pass that road.

883. Is there any other objection which you have to point out?—At the vestry meeting one of the resolutions come to was that the land coloured yellow upon the plan, the 4½ acres opposite Westfield, should be sold by auction; it was mentioned to us afterwards that if that were carried out, it would appear to be an unfair thing towards Mrs. Sandeman, because some purchaser might buy it, and put up some hideous structure. I am sure that the parish have too great a respect for Mrs. Sandeman to do anything that might lead to an injury of that kind being inflicted upon her; and after the meeting a suggestion was made, which the principal ratepayers fell in with immediately, that Mrs. Sandeman should have the right of pre-emption, but that the valuation should not be settled by one valuer appointed by the Land Commissioners, but that the valuation should be settled by arbitration, a valuer being appointed by the parish. A certain valuer, well known to the parishioners, has said that he would be prepared to give 150 l. an acre for that land, and therefore the parish hoped that if it were put up to public auction they might realise so much by the sale of one or two acres, if sold in plots, that they might be able to keep the rest for the good of the island for ever.

884. You are perfectly aware that the common at the present moment is divided into certain different portions, and that the soil of those different portions owners?—Yes.

885. Are you also aware that there is nothing to prevent the inclosure of the common if an agreement can be come to between the landowners and the copyholders?—Attempts have been made in previous years, and I wrote to the Commons Preservation Society upon that question, and they said that we might be quite at rest upon that point; they said that if one freeholder with copyhold rights held out the rest had no power to bind him.

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886. That

31 March 1886.] Colonel LEACH, Colonel SANDEMAN and Rev. J. A. BELL.

[Continued.]

*Chairman*—continued.

886. That does not meet the point of my question; my question was this: that if all the rights were sold, and came into the possession of the owners of the property, whether they could not deal with the common?—I suppose, legally, they could.

887. Is there any other objection to the scheme that you wish to put before us?—There was a point about the conservators, but that, I understand, has been conceded.

888. It has been conceded, as we understand, that the ratepayers shall have a voice in electing three conservators, or half the number of conservators, the commoners electing the other half?—Yes; that is quite acceptable to the parish.

889. As the vicar, are you satisfied with the allotments that are to be provided for the labouring poor?—I think they would be very desirable; I am not satisfied that there is such a great need for them as has been suggested; it is not my experience that there are 67 cottages without gardens; in fact, a custom that prevails among the farmers in the neighbourhood has been lost sight of; I have been informed, and I know it to be the fact, that where cottagers have not adequate gardens the farmers are in the habit of giving them pieces of land for gardens out of their own land.

890. You are perfectly satisfied then that the reservation of 10 acres would be amply sufficient provision for the cottagers as they at present exist in Hayling Island?—It would be more than sufficient.

891. Colonel Sandeman has stated that he has been told, though he did not know it of his own knowledge, that some gentlemen were in the habit of allowing labourers to get land into good condition and then taking it away from them; has any case of that kind come under your notice?—Never.

*Mr. Walter James.*

892. Are you aware whether any effort has been made in previous years by the landowners to acquire these copyhold rights?—By hearsay only.

893. You mentioned some correspondence that you had had with the Commons Preservation Society?—That was recently, with reference to this particular scheme; I was afraid that if the parish held out, and this scheme were lost, we might lose the whole of the common; and I wrote to the Commons Preservation Society to ask if there was a probability of that being the result.

894. Will you state what reply they made to your question?—They said that the thing would be so difficult, from the fact that everybody would have to consent, that it was practically impossible.

895. Unless the whole of these copyhold rights were bought up, one copyholder who was objecting, and who refused to be bought up, would prevent any inclosure on the part of any person desiring to purchase such rights?—Undoubtedly. This is the answer that I received: "It is not practicable for a lord of a manor to purchase the interests of the commoners with the view to inclosure; it is very rarely known who all the commoners are, and a single person either refusing to be bought out, or whose interests had been overlooked, would be entitled to bring an action to abate the inclosure or encroachment."

*Mr. Walter James*—continued.

896. Do many people from Portsmouth come out to Hayling Island and roam about the common, and amuse themselves there?—In the summer.

897. Has any injury been done to the surface of the common?—I have heard so to-day.

898. Have you observed it?—No, I have not noticed it; I am not much on the common.

899. Have you ever seen a large number of people on the common?—Only on the occasions of school treats; it is a great treat for Portsmouth children to be brought to the common.

900. Do you think it would be an advantage if the general character of Hayling Island became altered; that is to say, if it became more of a large suburb of Portsmouth, with villas and small residences?—Personal feeling must come in in answering that question. Speaking for myself, I should say no; we like Hayling as it is.

901. You do not wish to see it altered?—I do not, personally.

*Mr. Wroughton.*

902. How would the sale of the 4½ acres interfere with the existing right of way under Westfield?—The right of way is included in the part to be sold.

*Mr. Hunter.*

903. What is the extent of the opposition in Hayling to the scheme?—The opposition is directed simply to details. I think the general feeling is expressed in the resolutions. Those resolutions were brought about as a matter of compromise. I myself have been an on-looker all through, but when I saw which way the poll of the parishioners was going I felt it right, knowing that the general feeling was in favour of regulation, to try and get such conditions brought before the promoters as they might be expected to accept; and those resolutions were brought about in that manner.

904. You do not object to regulation if you get the necessary conditions?—No, certainly not.

*Mr. Arch.*

905. I understood you to say that 10 acres would be quite sufficient, or rather more than sufficient?—That is the general feeling.

906. I understand you to say that the farmers allow the labourers to grow their vegetables (potatoes I presume) upon the farmers' land?—Yes, they have their allotment plots.

907. Do they avail themselves very largely of the opportunity of doing so?—Those who require to do so, I am told, do.

908. Do not you think that there are a number of labourers who would prefer having their allotments permanently?—I believe you will be told later on that there is some ground now set out to be let in allotments, the whole of which has not been let.

*Mr. Buxton.*

909. Assuming that these 10 acres of allotment ground are wanted, I presume you would very much rather that they were found in some other way than by sacrificing a large portion of the common?—Personally, I say yes.

[The Witness withdrew.]

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Colonel LEACH and Colonel SANDEMAN.

[Continued.]

Mr. JOSEPH THOMAS CRASLER, called in; and Examined.

*Chairman.*

910. I BELIEVE you are 70 years of age?—I am.

911. Have you lived in Hayling nearly all your life?—Yes.

912. And you have served as overseer and churchwarden in the parish?—Yes.

913. You know the Westfield estate very well, I suppose?—Yes, very well indeed.

914. And you know the road which has been talked of a good deal just outside the fence?—I do.

915. What is your belief with regard to that road?—It has been in existence longer than I can remember.

916. As a public highway?—As a public highway; I have used it myself.

917. You know that there has been a dispute as to whether it is a public highway?—I know that there was a dispute about two years ago; Mrs. Sandeman put up a post or two, but they were removed on complaint being made by the vestry.

918. The posts were removed on that complaint being made?—Yes.

919. In your opinion, in the interests of Hayling Island, would it be better that the roads should be made, as proposed by Colonel Sandeman, on the outside of that  $4\frac{1}{2}$  acres of ground, or that the road should be made at the expense of the parish under the Westfield fence?—It would be much the best to make it under the Westfield fence.

920. Why?—Because it would be a continuous road from the post office to the coastguard station, in fact, from one harbour to the other, whereas the road in the other direction would be subject to be under salt water occasionally.

921. You think that there is a danger of the sea encroaching there?—The sea encroaches very much.

922. Has it encroached much during your lifetime?—Very much indeed in some places.

923. How much should you say it has encroached in the last 10 years?—Thirty or 40 yards within the last 10 years; every bit of turf has gone in some places.

924. Is there any other point that you would wish to make any remark on?—No; I have no objection, except to the proposed alteration of the road. I do not like stopping a straight road, and making a crooked one.

925. With that exception are you in favour of the regulation scheme?—I have no particular objection to the rest.

926. Do you think that there is a fair chance of the land proposed to be given by Mr. Park, in exchange for the 10 acres that he is to have, being good land for allotment gardens?—I have nothing to say against that at all.

*Chairman—continued.*

927. Have you anything to say against Mrs. Sandeman having the pre-emption of that  $4\frac{1}{2}$  acres between the road which you say is a highway, and the proposed road on the top of the hill?—I should think it ought to be sold by public auction.

928. If it was sold by public auction somebody else might buy it, and that might be a detriment to the estate?—I do not think it is likely that anybody else would buy it.

929. Is there anything else that you would like to say on the matter?—No.

930. Do you think that in the interests of the parish and of the neighbourhood it would be an advantage to have the common regulated?—Yes, if it were done properly, I think it would.

931. Have you any right to turn out sheep or cattle on the common?—I have not turned out anything lately. I have turned sheep and cows out.

932. Why did you discontinue doing so?—Because I have not kept sheep for the last few years.

*Mr. Walter James.*

933. Is the grass damaged by people running about on it?—I have never observed it.

934. Have you often been there?—Yes, frequently.

935. Have you been there as often as once a week?—Not so often as that.

936. You reside close to it?—I live within half-a-mile of it.

937. You never observed the grass damaged?—Not in the slightest.

*Sir Henry Selwin-Ibbetson.*

938. Is there much grass on the common?—Not a great deal.

939. It is more tufts of grass between the shingle than anything else, I suppose?—It is not exactly that. Perhaps in some parts there would be three or four acres of grass, but in dry weather it dries up.

940. It is thin?—It is a sandy soil.

941. That soil would be more likely to be injured by constant traffic, would it not?—Yes, but I have never seen it injured by constant traffic.

942. You are a good judge of the value of land there?—I ought to be.

943. Can you form any idea of the value of that  $4\frac{1}{2}$  acres of land?—I could not give a value to it. It is a frontage, and it is the only frontage that there can be there; it might be more valuable there than it would be in other places.

944. You are not prepared to put a value upon it?—I could not give a value to it. I do not profess to put a value upon building land at all.

31 March 1886.]

Colonel LEACH and Colonel SANDEMAN.

[Continued.]

Lord ROBERT BRUDENELL BRUCE, R.N., called in; and Examined.

*Chairman.*

945. You are a Commander in the Royal Navy?—I am.

946. You are also a justice of the peace for the county of Southampton?—Yes.

947. I think you have some objections to the scheme which is now before this Committee?—Yes.

948. Do you object to the common being regulated?—I object to the scheme as being quite unnecessary.

949. You would prefer the common remaining as it is at the present moment?—Yes.

950. You object to 15½ acres being taken from the common?—Yes.

951. How would you propose to give any allotments to the poor without taking some portion of the common?—The promoters should show that they are wanted, and that they cannot be obtained without taking some portion of the common.

952. This is a scheme to regulate the whole of the common, and it was thought that when a scheme was brought forward for regulating the common it would be the proper time to make some provision for giving cottage gardens to those cottagers who have no gardens in Hayling Island?—I never heard it mentioned that they wanted gardens; I have only been there about 18 months, but I was not aware that they wanted gardens, and the scheme does not say that they are to have them free.

953. They are not to buy them, but they would rent them from the overseers and churchwardens, as the Act provides, at a reasonable rate, that is to say, the rate at which the land is let in the immediate neighbourhood; and the occupiers of those allotments would not then be subject to be turned out?—So I understand.

954. Have you anything to say with regard to the road?—I object to it, because the 4½ acres is to be subject to the right of pre-emption to the owner of the adjacent land at a valuation to be fixed by the Land Commissioners. If the Commissioners, in the words of their Provisional Order, wish to have regard to the benefit of the neighbourhood, and not private interests, they should sell the land by public auction.

955. You are aware, I presume, that Mrs. Sandeman is owner of the soil down to the sea in front of Westfield?—I was not aware of that; there is a grotto or something she owns, but I did not know that she owned the soil all down to the sea.

956. There are six owners among whom the manor has been more or less divided, Mr. Park remaining lord of the manor, but the soil being divided amongst six proprietors, of whom Mrs. Sandeman is one?—I have heard that stated.

957. Do you not think Mrs. Sandeman having her house there, that some right of pre-emption ought to be given to her, supposing that that land is to be sold, so as not to have Westfield Lodge built in front of?—I do not think there is any chance of its being built in front of; I do not think they could build in front of it. They

*Chairman—continued.*

want to make a road and eventually a sea-wall to protect the Westfield property. That is the way I look at it. I believe they could not build; I do not know that they would have any power to build.

958. The land is not fit to be built on; that 4½ acres is all shingle, is it not?—I am not a land surveyor, but I should think that if it became a fashionable place it would become very valuable. I did not know that they could build on it.

959. Have you heard that Mrs. Sandeman has stated that she would not inclose that 4½ acres, that the public would have the right of going over it?—Yes, but Mrs. Sandeman is not very young.

960. Still if she has given that undertaking, I have no doubt it would be continued by her successor. (To Colonel Leach.) That could be made a part of the agreement, could it not?—(Colonel Leach.) That is to say that Colonel Sandeman should not have the power to inclose that; I think the Land Commissioners would object to any such condition as that, because it would immediately destroy the value of that land, and it would not then pay the expenses of regulation. One of the proposals made by the parish was that there should be a condition that it should not be inclosed for 10 years, but when Mr. Bell and Mr. Woodman had an interview with the Commissioners respecting the resolutions passed by the vestry, we informed them that we should object to any such condition as that, because it would so much deteriorate the value of the land. I think the Committee would see at once that unless the place does develop considerably, it would not be likely that Mrs. Sandeman, or the Sandeman family, would inclose that land or build upon it; it is the frontage to their own place, which is a considerable house, and they are certain not to build upon that land, unless the land became so valuable, and the place developed to such an extent that it would be worth their while to give up the interest of Westfield.

*Chairman.*

961. (To Lord Brudenell Bruce.) Then you object, as I understand, to the foreshore that now exists being done away with?—Yes.

962. You are of opinion that the parish ought to make the main road under the Westfield fence?—Yes, if a road is required it ought to be made there.

963. Your main objection, as I understand, to the road as proposed by Colonel Sandeman, is that it might be endangered by the sea, and that it might entail a serious expense to the rate-payers of the parish by the necessity of having to construct a sea-wall which would in your opinion be for the protection of Westfield?—Yes.

964. That is the reason why you think that the road should remain where the present supposed highway is under the fence?—Yes.

965. With

31 March 1886.] Colonel LEACH, Colonel SANDEMAN, and Lord BRUCE, R.N. [Continued.]

*Chairman—continued.*

965. With regard to the conservators, have you heard that such arrangements have been made now as will give the parish the right to elect half the conservators?—Yes.

966. And also that the commoners will have the right to elect the other half?—Yes, I have heard that stated.

967. With regard to the road, you state that the road would be brought close to the sea, whereas the present road is six chains from it?—Yes; I took that roughly, but I think I am correct.

968. Taking it as a whole, I gather from the views that you have expressed that you object to the common being regulated at all; you wish it to remain as it is?—Yes.

*Mr. Buxton.*

969. When you say that you do not see the value of the promise not to inclose this part coloured yellow, in the front of Westfield, you have in your mind that this scheme is designed to apply to the future, and that the present owner cannot live for ever. Your view is, that as this scheme is to apply for all future ages, the undertaking of the present owner of the property is of very little value?—Yes, it comes to this, that the offer that is given from the owner of Westfield is not worth anything.

970. With regard to these allotments, there are, no doubt, many public purposes for which land would be very desirable; you would admit that allotments are very desirable from a public point of view, but in your view the right way to provide them is not to take common land?—Yes.

971. You object to this scheme, and you say it is unnecessary; I suppose by that you mean that you see no difficulty in keeping the whole of the present common open by means of the exercise of the rights of the commoners; you think that the rights of the commoners are sufficient to keep open the common as it is?—Yes; I do not consider that we require a commission or a Committee of the House of Commons to interfere in order to enable us to clear up pieces of broken glass and china.

972. These commonable rights, you consider, are sufficient to prevent inclosure?—I think so.

*Mr. Arch.*

973. You agree, I presume, that the common should be looked to by some responsible person?—I think the people of Hayling, myself for one, would be very happy to look after the place.

974. Some previous witnesses have stated that a lot of unsightly, and in some instances dangerous, rubbish is thrown about on the common; is that so?—No; there is broken glass, which is not safe, that is quite true, but I do not think that I have seen anything more dangerous than that on the common; it is a very small place, and there are very few inhabitants there.

975. Do you think that the copyholders of Hayling Island would be satisfied if the main road went in the direction that the promoters desire?—No; I think that they would be satisfied with the road going the other way.

976. That is to say, at six chains from the sea?—Yes, if a road had to be made I think they would like it to be made there.

0.72.

*Sir James Fergusson.*

977. The Chairman mentioned to you that it was now proposed that one-half of the conservators should be elected by the ratepayers; in your opinion would the rights of the inhabitants be sufficiently saved in that way?—It is very easy to pack them; it is a very small population; I should not serve as a conservator, for one.

978. Is this what you are afraid of, that if the landowners were over represented, directly or indirectly, there would be too much interference with individual freedom?—Yes, that is what I am afraid of.

979. Has there been any interference hitherto with individual freedom on the common?—Lately there has been a disappearance of games there; they have allotted a field, they say for football, but I paid 3d. to go into it; now no working lad could go into that ground.

980. Do you know if hitherto any people have been turned off the common?—I cannot bring any proof; I have heard so.

981. Who would have the right to turn them off?—No one has the right.

982. Who could have done it?—I cannot say; I believe it has been done; I cannot bring proof that it has been done in any particular case.

983. Have you ever heard of any one person being turned off the common, or stopped doing any particular thing?—I cannot positively prove it.

984. Have you heard the name of any person who has been turned off the common?—No, I do not think I can recollect any name.

*Mr. Hunter.*

985. Do you reside at Hayling?—I reside there about six months in the year; I have hardly been there two years.

986. Are you well acquainted with the condition of the common?—Very well.

987. Has it deteriorated of late years?—No, not since I have been there.

988. Is there any reason to apprehend that if this regulation scheme is not passed the common would get into bad condition?—No, I do not see why it should get into bad condition.

989. Is there any reason to apprehend that if this scheme does pass games may be prohibited which are now enjoyed?—Yes, I am afraid of that; there is riding allowed there now; after all it is very few who do ride there; I think it is a charming common; it is different to anything else; it is rural; it is not a cockney place.

*Mr. Wroughton.*

990. Have you any permanent interest in Hayling?—I have a small house there, Stamford House.

*Mr. Walter James.*

991. Is the surface of the common injured by people playing football there?—No.

992. You have never noticed that?—No.

993. Do you ever play golf there?—Yes, I belong to the club.

994. Have you ever known the golf players interfered with?—No, I think the golf players, perhaps, like to have it all their own way.

G

31 March 1886.] Colonel LEACH, Colonel SANDEMAN, and Lord BRUCE, R.N. [Continued.]

Mr. WILLIAM GREGORY, called in; and Examined.

Chairman.

995. You are a civil engineer?—I am.

996. What evidence do you wish to place before the Committee?—My evidence would be directed to the question of the encroachment of the sea and also to the position of the road.

997. Have you known Hayling Island for some considerable time?—Only for 18 months.

998. Where are you living?—At Hayling.

999. Do you carry on your profession of a civil engineer in that neighbourhood?—Yes, I am engineer of the Portsmouth and Hayling Railway.

1000. The new line?—The new line.

1001. Is that line likely to be carried out?—I fancy it is; the opposition to the Bill is being withdrawn, and the line seems to be likely to be supported.

1002. Supposing the Bill is obtained and the railway is carried out, what is your view with regard to the future progress of Hayling Island?—I should think Hayling Island would increase, providing the inhabitants of Hayling Island could pull together. There seems to have been a dispute for the last 25 or 30 years, which prevents Hayling Island developing.

1003. Have you studied the whole question of this proposed regulation?—I have.

1004. Do you believe that it would be to the advantage of Hayling and the district round that this common should be regulated?—I think it would be a very great advantage to Hayling, Hayling being so very near to Southsea. If this line of railway was made there would be inter-communication between the two places, and it is natural to suppose that there would be an attempt to build on or inclose the common unless some regulation took place.

1005. Are you aware of the state of the common?—I am.

1006. We are told that large masses of refuse are thrown on the common?—Yes, old hats and boots and broken bottles are lying in all directions it is a disgrace to the place at present, some parts of it.

1007. During the time you have known Hayling has the sea encroached there?—No, certainly not; I have a plan which will give some information on that point (*the Witness produced the plan and explained it to the Committee*).

1008. Then in your opinion, as I understand it, there has been no encroachment of the sea of late years at Hayling?—Certainly not.

1009. There is a continual deposit of shingle from Chichester Harbour and from Langstone Harbour continually forming on this beach?—I consider so.

1010. In your opinion there would be no danger to this proposed new road from the encroachment of the sea?—I do not think there would be any danger from that cause.

1011. Do you think, in the interest of the parish, it would be best for the road to be where it is proposed by the Commissioners to be, upon their plan, or where the right of way is said to be under Westfield fence?—It would be much better to place it where it is suggested to be for

Chairman—continued.

four reasons: first, the proposed road being on a higher level, would be less likely to be affected by any possible inroad of the sea. It is about four feet higher than the road claimed. Secondly; the low-lying ground about this point is subject to flood after excessive rains, and when the tides are high the drainage is prevented through the shingle. Thirdly; if the road be put in the position shown on the plan, the severance between it and Westfield will fetch a sum that will pay all expense of making it or other costs incurred, and will, therefore, relieve the copyholders from any payment; and, fourthly; if the road be made as shown on the plan all cause of dispute as to right of way under Westfield Fence will be removed, and the possible litigation likely to arise will be avoided. It seems to me that there would be a saving in every way. It would be better in an engineering point of view, and it would save any further disputes in the parish.

1012. A statement has been made that the old road was the straighter road of the two, and therefore, more convenient for the parish?—It depends on which road it is taken from; this would be the main road (*pointing it out*), not this one; it would be equally near.

1013. What sort of road is there at present (*pointing to the plan*)?—This is a hard road.

1014. Is it a main road?—Yes; a metalled road.

Sir James Fergusson.

1015. What is the width of that road?—From 18 to 20 feet.

1016. What is the distance between these two points?—About four chains.

1017. The proposed road would save the public how much distance as compared with what they have to travel now?—It would save them this bit (*pointing to the Plan*).

Chairman.

1018. In your opinion the road, as proposed, would be better than the road the parish would like to have?—I take it so certainly.

1019. That is your opinion as an engineer?—That is the place I should certainly put the road (*pointing to where it is proposed that the road should go*); no engineer would dream of putting the road in the bottom.

1020. As an engineer you believe that no damage would occur to that proposed road from the sea?—No.

1021. And there would be no occasion to form any defence from the sea?—No; if one road was carried away the other must be, because the other would be at a lower level.

Sir Henry Selwin-Ibbetson.

1022. Would the road as proposed be as short as the existing road, plus the unmade road, if it was converted into a hard road?—It would be longer; the one under Westfield fence would be shorter by about 80 yards.

1023. I understood

31 March 1886.]

Colonel LEACH, Colonel SANDEMAN, Lord BRUCE, R.N.,  
and Mr. GREGORY.

[Continued.]

*Chairman.*

1023. I understood you to say the reverse; I understood you to say that this new road would be shorter by 80 yards, going into the new road that is to be made, than the one under Westfield fence?—No; this would be shorter than this (*pointing to the Plan*), but it would be this much longer than this one (*pointing to the Plan*).

*Mr. Story-Maskelyne.*

1024. What would be the value of the four-and-a-half acres?—I cannot speak to the value.

1025. Suppose they became building ground?—That land is not likely ever to be building ground; there is a great depth of shingle there. (*Colonel Leach.*) With reference to the objection to prohibiting the inclosure of that land, which is to be sold, and to which the Sandemans are to have a pre-emption, the Commissioners would object to a prohibition of the inclosure of that land for this reason, that it would put Colonel Sandeman in a position to say, I will give nothing for that land, because we are quite certain that any valuer going to value that land with such a prohibition upon it would put a small value upon it.

*Chairman.*

1026. (To *Colonel Leach.*) Colonel Sandeman stated distinctly, on behalf of his mother, that she

*Chairman—continued.*

would undertake not to inclose the land if she purchased it, and I understood they would be both prepared to leave it open for ever. There is no compulsion on either one side or the other, but such an undertaking on their part would be one, I suppose, which you believe would be followed out?—We should certainly believe that it would be followed out. All I wish this Committee to understand is, that we desire that such a condition should not be imposed as a valuer would take into account.

1027. That is to say, you desire that there should be nothing to cut off the value of the land?—Yes. (*Colonel Sandeman.*) During my mother's lifetime it is my mother's intention not to inclose.

1028. I thought you went further; I understood you to go so far as to say that you did not think it would be inclosed?—No, I did not say that.

The Committee room was cleared.

After some time the parties were called in.

*Chairman.*] The Committee have agreed that the Provisional Order ought to be confirmed without modification.

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## A P P E N D I X.

### TOTTERNHOE COMMON REGULATION.

*Mr. Cartwright to Mr. More Molyneux.*

Totternhoe Inclosure.

Sir,

Dunstable, 24 March 1886.

I BEG to forward you a Statement of Objections, signed by the owners of Court Farm, otherwise called in the old deeds the Ancient Mansion House.

The part proposed to be regulated for recreation ground is simply the private freehold of the joint owners, Mrs. Foll and Miss Cartwright, subject to sheep pasture by neighbouring owners at a certain period, as regards the Hill Side Plantation, only once in three years. The land adjoins the homestead, and is looked on as private property. By interfering with it the value of the homestead as a residence will be gone entirely.

The small rural village of Totternhoe does not require so much recreation ground. The inhabitants of Luton very rarely come there, having a public park of their own, also the open Luton Moors, several gentlemen's parks with rights of way through them, and Harpenden Common within ten minutes ride by train.

The scheme as proposed is very unjust to Mrs. Foll and Miss Cartwright.

W. More Molyneux, Esq.,  
Committee Office, House of Commons.

I am, &c.  
(signed) F. Cartwright.

#### STATEMENT of Mrs. Foll and Miss Cartwright.

(Inclosure.)

WE object to any part of Castle Yard and the side of the hill being regulated for sheep walk, as it is not common, and only open to the occupiers of land in the parish when the arable field land is open.

Our tenant has neglected to keep up the fences, which have been destroyed by so many trespassers, encouraged to come there by the occupiers of the "Cross Keys" public-house opposite. Before the railway was opened there it was a very quiet place, but since, the people have been a great nuisance to our tenants, and the repairs of the fences have been a great tax upon them; also, the trees have been much damaged.

We understood the object of the enclosure was to bring the land more immediately around the homestead for the benefit of the owners and occupiers of the land, and not for the benefit of strangers in neighbouring parishes. We see that the cottages and our allotment gardens are cut off from what is proposed to be taken; if any part is taken they ought to go with it, and compensation for them and the timber should be made. We always considered the Large Knoll to belong to us, but will entirely waive that if the rest is secured to us.

We consider that the general public have nothing whatever to do with the land, only to see that the proper footpaths and roads are preserved.

It will be most unjust if what we consider the most valuable part of our estate (the historical) and Castle Yard, being some of the best land, should be taken away for the public. There should be another way to reach the Knoll made, as the present way was only by permission, which has been so abused.

We do not wish altogether to oppose the scheme if our objections are allowed.

(signed) Elizabeth Foll, Widow,  
Mary Ann Cartwright, Spinster,  
Owners of Court Farm, Totternhoe.

23 March 1886.

Address:—The Priory, Bishop's Cleeve, near Cheltenham

Mr. *John Batchelor* (on behalf of the Public) to the Inclosure Commissioners.

Totternhoe Inclosure.

Dagnall, Hemel Hempstead, Herts,  
24 March 1886.

Honourable Gentlemen,

QUOTING from the Provisional Order now deposited in Totternhoe Schoolroom, "That there be reserved to the inhabitants of Totternhoe, and of the neighbouring towns and villages, and the public generally, at all times a right of walking," &c. Referring to the word "walking," we desire to call your attention to the following statement of facts. As well as upon the stoned roads, the public, everybody, has from the beginning possessed the legal right to walk, run, ride, and drive over the surface of 225 acres of down and other pasture land of the parish of Totternhoe. There is not a shadow of a doubt on this point. It appears, however, that the representatives of the public here have consented to relinquish our right over a portion of this area. They, however, clearly understood that in every other respect existing rights would be maintained on the land allotted in lieu of that given up for allotment.

In consequence of the uneven surface, the way from Well Head to the Downs, if set out exactly as indicated, will be useless to the farmers as a fieldway, to the public as a way of communication with the Downs; it will even be inconvenient as a sheep walk or footpath. We ask that this way be diverted to the levelled land near, and set out to a width of not less than 30 feet. It should be wider for a sheepwalk or fieldway.

We ask that the crooked boundary at the lower margin of the Downs, near to the aforesaid way, the rifle range, and Pascombe Pit, be regulated.

We ask that the children of Totternhoe and neighbourhood be allowed to retain their existing right of bathing in the streams, which here constitute the source of the Ouse.

We ask that there be retained the existing right of the poor to dig on the Downs what is here called "hard stuff," a material much used for the foundations and sides of roads, for bottoming farm and other yards, also for field and other bye-ways where there is not very much wear. This material, which is a kind of excessively hard chalk, is found from six inches to a yard below the surface, in nodules of from the size of a marble to that of a loaf of bread. Three yards of it can be procured for about the cost of one yard of flints, and the digging of it in winter has often been the means of rescuing many of the poor from pauperism and starvation.

We ask not for favours, only for the maintenance of existing rights, as much ours as the scanty clothing we wear, and which, like it, though valuable to ourselves, can enrich none besides.

We know that the time is not far distant when Commissioners, or other means, will be employed to restore to us and others, the rights of which we have been so unjustly deprived; rights of out-door recreation; the right to cut furze, fern, &c.; of digging stones, chalk, &c.; the right of our children to pluck wild fruits and flowers from our commons, terraces, lineas, and coombs; the right to use the now closed roads and foot-paths; to stroll along the banks of our streams; to watch the bubbling spring in the hollow, the landscape from the hilltop.

These rights may be despised by those satiated with the delights of modern Babylon, but we prized and were proud of them, and stripped of every vestige of them, our villages once so bright, are to all, except the landowners, the farmers, or their friends, but little more than mud puddles. Who can estimate how much of the degradation, the poverty, pauperism, and depopulation of our rural districts is due to their loss.

We are, &c.  
The Public,  
per *John Batchelor*.

The Inclosure Commissioners,  
3, St. James's-square, London, S.W.

HAYLING BEACH COMMON REGULATION.

Mr. *J. Allen Bell* to Mr. *More Molyneux*.

The Vicarage, Hayling Island,  
23 March 1886.

Sir,

I BEG to inform you that the parishioners of Hayling, South, passed a Resolution at a vestry meeting held on Saturday 13th March, requesting me to bring before the Commons Inclosure Committee a Resolution which they had previously passed with reference to the "Hayling Beach Common Regulation Bill," which is to be considered by the Select Committee in the House of Commons on the 30th instant.

I therefore

I therefore beg to hand you, on other side, a copy of this Resolution, and at the same time I desire to state that I shall be prepared to support the opposition raised by this Resolution, before the Committee.

The following persons also desire to appear before the Committee to support the various points of the said Resolution, viz. :—

Townley Asher Woodman, of Rook Farm, South Hayling, farmer.

Joseph Thomas Crasler, of South Hayling, farmer.

John Ogburn, of Commercial-road, South Hayling, builder.

Messrs. Crasler and Ogburn are landowners in the parish.

I am, &c.  
(signed) *J. Allen Bell,*  
Clerk in Holy Orders.

W. More Molyneux, Esq.,  
House of Commons Committee Office.

---

**RESOLUTION** passed by the Parishioners, in Vestry, 13th March 1886, in the following terms :—

“ A poll of the parish having been taken on Thursday and Friday, the 11th and 12th days of March, the parishioners of Hayling, South, by 100 votes to 49, have decided to oppose the Scheme now before Parliament for the regulation of South Beach Common ; it is therefore proposed that such opposition have reference to the following matters :—

“ 1. That instead of the proposed sale of four acres common land opposite ‘ Westfield,’ which would include the right of way running underneath the “ Westfield ” fence, the following regulation be laid down : ‘ That the present right of way be made and settled as a public highway, instead of the proposed new road suggested in the Scheme, and that the land, outside such public highway, being the balance of the proposed four acres be sold by public auction, and the proceeds applied to defray the Parliamentary expenses, and to defray the cost of making the right of way into a public road.’

“ 2. That inasmuch as by the sale, such common land, if fenced with a wood fence similar to that surrounding the ‘ Westfield ’ property, would be likely to create an unsightly obstruction, it is proposed that the suggested sale should be subject to the condition that the purchasers leave the land in its present unenclosed condition for a period of 10 years from the passing of the Act.

“ 3. That for the protection of the public, for whose benefit the common will hereafter be regulated by a body of seven conservators, three of those conservators should be annually elected by the ratepayers of the parish.

“ 4. That no new road or roads should be laid out on any part of the common, without first obtaining the consent of the ratepayers.”

Copied from the Vestry book, 23rd March 1886, by

*J. Allen Bell,* Vicar,  
Chairman.

R E P O R T  
FROM THE  
SELECT COMMITTEE  
ON  
C O M M O N S;  
TOGETHER WITH THE  
PROCEEDINGS OF THE COMMITTEE,  
MINUTES OF EVIDENCE,  
AND APPENDIX.

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*Ordered, by The House of Commons, to be Printed,  
31 March 1886.*

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[*Price 7 d.*]

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*Under 6 oz.*

H.- 22 4. 88.

*Brought from the Lords, 24 June 1886.*

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# R E P O R T

FROM THE

SELECT COMMITTEE OF THE HOUSE OF LORDS

ON THE

**ELECTRIC LIGHTING ACT (1882) AMENDMENT (No. 1)  
BILL [H.L.];**

THE

**ELECTRIC LIGHTING ACT (1882) AMENDMENT (No. 2)  
BILL [H.L.];**

AND THE

**ELECTRIC LIGHTING ACT (1882) AMENDMENT (No. 3)  
BILL [H.L.];**

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

M I N U T E S O F E V I D E N C E,

AND APPENDIX.

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*Ordered, by The House of Commons, to be Printed,  
25 June 1886.*

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## R E P O R T.

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BY THE SELECT COMMITTEE appointed to consider the ELECTRIC LIGHTING ACT (1882) AMENDMENT (No. 1) BILL [H. L.], the ELECTRIC LIGHTING ACT (1882) AMENDMENT (No. 2) BILL [H. L.], and the ELECTRIC LIGHTING ACT (1882) AMENDMENT (No. 3) BILL [H. L.], and to Report to the House :--

### ORDERED TO REPORT,

THAT the Committee have met and considered the provisions of the said Bills, and have examined Witnesses, and have directed the Electric Lighting Act (1882) Amendment (No. 3) Bill [H. L.] to be reported to your Lordships, with Amendments.

And the Committee are of opinion that it is not expedient to proceed further with the Electric Lighting Act (1882) Amendment (No. 1) Bill [H. L.], and the Electric Lighting Act (1882) Amendment (No. 2) Bill [H. L.].

And the Committee have directed the Evidence and Minutes of the Proceedings to be laid before your Lordships.

4th June 1886.

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ORDER OF REFERENCE.

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*Die Jovis, 1° Aprilis, 1886.*

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ELECTRIC LIGHTING ACT (1882) AMENDMENT (No. 1) BILL [H.L.]

ELECTRIC LIGHTING ACT (1882) AMENDMENT (No. 2) BILL [H.L.]

ELECTRIC LIGHTING ACT (1882) AMENDMENT (No. 3) BILL [H.L.]

Moved that the Bills be referred to a Select Committee (The Lord Ashford); objected to; and, after short debate, agreed to: Bills referred to a Select Committee accordingly.

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*Die Lunæ, 12° Aprilis, 1886.*

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Select Committee on: The Lords following were named of the Committee:

Earl Cowper.  
Earl of Camperdown.  
Lord Ashford.  
Lord Balfour of Burley.  
Lord Rayleigh.  
Lord Wigan.

Lord Methuen.  
Lord Houghton.  
Lord Wolverton.  
Lord Bramwell.  
Lord Lingen.

All petitions presented on or before the first sitting day after the recess at Easter against the said Bills referred to the Committee, and leave given to the Committee to hear such of the petitioners as they think fit, by their counsel, agents, and witnesses.

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*Die Martis, 13° Aprilis, 1886.*

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The Committee to meet on Thursday next, at Twelve o'clock, and to appoint their own Chairman.

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*Die Lunæ, 10° Maii, 1886.*

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The Evidence taken before the Select Committee from time to time to be printed for the use of the Members of this House; but no copies thereof to be delivered, except to the Members of the Committee and to such other persons as the Committee shall direct, until further order.

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PETITIONS ON THE BILLS AND ORDERS OF THE HOUSE THEREUPON.

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*Die Lunæ, 22° Martii, 1886.*

---

Petition against (No. 1) Bill, of Corporation of Birmingham; read, and ordered to lie on the Table.

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*Die Jovis, 25° Martii, 1886.*

Petition in favour of (No. 1) Bill, of Society for the Encouragement of Arts, Manufactures, and Commerce; read, and ordered to lie on the Table.

---

*Die Jovis, 8° Aprilis, 1886.*

Petition praying to be heard by counsel in favour of (No. 1) Bill, of Electric Lighting Committee appointed by Board of Trade in 1884; read, and ordered to lie on the Table.

---

*Die Veneris, 9° Aprilis, 1886.*

Petition against (No. 1) Bill, of Corporation of Newcastle-upon-Tyne; read, and referred to the Select Committee on the Electric Lighting Act (1882) Amendment Bills (Nos. 1, 2, and 3).

Petition against (No. 2) Bill, of Corporation of Newcastle-upon-Tyne; read, and referred to the Select Committee on the Electric Lighting Act (1882) Amendment Bills (Nos. 1, 2, and 3.)

Petition for amendment of (No. 3) Bill; of Corporation of Newcastle-upon-Tyne; read, and referred to the Select Committee on the Electric Lighting Act (1882) Amendment Bills (Nos. 1, 2, and 3).

Petition praying to be heard by counsel in favour of (No. 1) Bill, and against (No. 3) Bill, of Electric Lighting Committee; read, and ordered to lie on the Table.

---

*Die Lunæ, 12° Aprilis, 1886.*

Petitions praying to be heard by counsel against (No. 3) Bill; of Council of the Dynamic Society;— and, Messrs. R. E. Crompton and Company, and others;—read, and ordered to lie on the Table.

---

*Die Jovis, 15° Aprilis, 1886.*

Petition against (No. 1) Bill; of Vestry of Hamlet of Mile End Old Town; read, and referred to the Select Committee.

Petition against (No. 3) Bill; of Society for the Encouragement of Arts, Manufactures, and Commerce; read, and referred to the Select Committee.

---

*Die Jovis, 6° Maii, 1886.*

Petitions praying to be heard by counsel against (No. 1) Bill; of Dundee Gas Commissioners;—and Corporations of Liverpool;—Birmingham;—Blackburn;—Bolton;—Burnley;—Glasgow;—Manchester;—Nottingham;—and, Paisley;—read, and referred to the Select Committee.

Petitions praying to be heard by counsel for amendment of (No. 1) Bill; of Board of Works for the Poplar District;—and Corporation of Gateshead;—read, and referred to the Select Committee.

Petitions praying to be heard by counsel against (No. 2) Bill; of Dundee Gas Commissioners;—and Corporations of Liverpool;—Birmingham;—Blackburn;—Bolton;—Burnley;—Glasgow;—Manchester;—Nottingham;—and, Paisley;—read, and referred to the Select Committee.

Petitions praying to be heard by counsel against (No. 3) Bill ; of Dundee Gas Commissioners;—and Corporations of Liverpool;—Birmingham;—Blackburn;—Bolton;—Burnley;—Glasgow;—Manchester;—Nottingham;—and, Paisley;—read, and referred to the Select Committee.

Petition against (No. 3) Bill ; of Society of Telegraph-Engineers and Electricians; read, and referred to the Select Committee.

Petition against (Nos. 1, 2, and 3) Bills ; of Corporation of Hanley ; read, and referred to the Select Committee.

Petition that the Bills may not pass into law until Municipal Corporations interested therein have been heard ; of Corporation of Edinburgh ; read, and referred to the Select Committee.

Petitions praying to be heard by counsel against (Nos. 1, 2, and 3) Bills ; of Commissioners of Sewers of the City of London;—and Metropolitan Board of Works;—read, and referred to the Select Committee.

Petition for amendment of (Nos. 1, 2, and 3) Bills ; of Board of Works for the Strand District; read, and referred to the Select Committee.

---

*Die Veneris, 7<sup>o</sup> Maii, 1886.*

---

Petition in favour of (No. 3) Bill ; of Corporation of Leeds; read, and referred to the Select Committee.

Petition in favour of (No. 1) Bill, and against (No. 3) Bill ; of Institution of Civil Engineers; read, and referred to the Select Committee.

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LORDS PRESENT, AND MINUTES OF PROCEEDINGS AT EACH  
SITTING OF THE COMMITTEE.

*Die Jovis, 15<sup>o</sup> Aprilis, 1886.*

LORDS PRESENT :

Earl Cowper.  
Earl of Camperdown.  
Lord Ashford.  
Lord Rayleigh.  
Lord Wigan.

Lord Methuen.  
Lord Houghton.  
Lord Wolverton.  
Lord Bramwell.  
Lord Lingen.

Order of Reference read.

It is moved that the Earl of Camperdown do take the Chair.

The same is agreed to.

The several Bills are considered.

The course of proceeding is also considered.

*Ordered*, That the Committee be adjourned till Monday, the 10th of May, at Eleven o'clock.

*Die Lunæ, 10<sup>o</sup> Maii, 1886.*

LORDS PRESENT :

Earl Cowper.  
Earl of Camperdown.  
Lord Ashford.  
Lord Balfour of Burley.  
Lord Rayleigh.  
Lord Wigan.

Lord Methuen.  
Lord Houghton.  
Lord Wolverton.  
Lord Bramwell.  
Lord Lingen.

The EARL of CAMPERDOWN in the Chair.

Order of adjournment read.

The Proceedings of the Committee of Thursday, the 15th of April last, are read.

Certain Agents and others interested in the Bills are called in.

The following Witnesses are called in, and examined, viz. :—Mr. *Lionel L. Cohen*, M.P., Mr. *Henry H. Gibbs*, Professor *George Forbes*, and Mr. *Rookes E. Crompton* (*vide* the Evidence).

*Ordered*, That the Committee be adjourned till Wednesday next, at Eleven o'clock.

*Die Mercurii, 12<sup>o</sup> Maii, 1886.*

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LORDS PRESENT :

Earl Cowper.  
Earl of Camperdown.  
Lord Ashford.  
Lord Rayleigh.  
Lord Wigan.

Lord Methuen.  
Lord Houghton.  
Lord Wolverton.  
Lord Bramwell.  
Lord Lingen.

The EARL of CAMPERDOWN in the Chair.

Order of adjournment read.

The Proceedings of the Committee of Monday last are read.

Certain Agents and others interested in the Bills are called in.

The following Witness is called in, and examined, viz.:—Sir *Frederick Bramwell*, F.R.S. (*vide the Evidence*).

*Ordered*, That the Committee be adjourned till Monday next, at Eleven o'clock.

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*Die Lunæ, 17<sup>o</sup> Maii, 1886.*

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LORDS PRESENT :

Earl Cowper.  
Earl of Camperdown.  
Lord Ashford.  
Lord Balfour of Burley.  
Lord Rayleigh.  
Lord Wigan.

Lord Methuen.  
Lord Houghton.  
Lord Wolverton.  
Lord Bramwell.  
Lord Lingen.

The EARL of CAMPERDOWN in the Chair.

Order of adjournment read.

The Proceedings of the Committee of Wednesday last are read.

Certain Agents and others interested in the Bills are called in.

The following Witness is called in, and examined, viz.:—Mr. *James Staats Forbes* (*vide the Evidence*).

The parties are directed to withdraw.

The Committee deliberate.

The parties are again called in.

The following Witnesses are called in, and examined, viz.:—Mr. *James Staats Forbes*, Sir *John Lubbock*, Bart., M.P., and Mr. *Rookes E. Crompton* (*vide the Evidence*).

*Ordered*, That the Committee be adjourned till To-morrow, at Eleven o'clock.

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*Die Martis, 18<sup>o</sup> Maii, 1886.*

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LORDS PRESENT :

Earl of Camperdown.  
Lord Ashford.  
Lord Balfour of Burley.  
Lord Rayleigh.  
Lord Wigan.

Lord Methuen.  
Lord Houghton.  
Lord Wolverton.  
Lord Bramwell.  
Lord Lingen.

The EARL of CAMPERDOWN in the Chair.

Order of adjournment read.

The Proceedings of the Committee of yesterday are read.

Certain Agents and others interested in the Bills are called in.

The following Witnesses are called in, and examined, viz.:—Mr. *John Matheson Macdonald*, Mr. *Edward Oxford Smith*, Mr. *Clement Dunscombe*, Mr. *George Whiteley*, Mr. *Samuel George Johnson*, and Mr. *Hill Motum* (*vide* the Evidence).

*Ordered*, That the Committee be adjourned till To-morrow, at Eleven o'clock.

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*Die Mercurii, 19<sup>o</sup> Maii, 1886.*

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LORDS PRESENT :

Earl Cowper.  
Earl of Camperdown.  
Lord Ashford.  
Lord Rayleigh.  
Lord Wigan.

Lord Houghton.  
Lord Wolverton.  
Lord Bramwell.  
Lord Lingen.

The EARL of CAMPERDOWN in the Chair.

Order of adjournment read.

The Proceedings of the Committee of yesterday are read.

Certain Agents and others interested in the Bills are called in.

The following Witnesses are called in, and examined, viz.:—Sir *George Morrison*, Professor *George Forbes*, and Mr. *William Henry Preece* (*vide* the Evidence).

*Ordered*, That the Committee be adjourned till Monday next, at Eleven o'clock.

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*Die Lunæ, 24<sup>o</sup> Maii, 1886.*

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LORDS PRESENT :

Earl Cowper.	Lord Methuen.
Earl of Camperdown.	Lord Houghton.
Lord Ashford.	Lord Wolverton.
Lord Balfour of Burley.	Lord Bramwell.
Lord Rayleigh.	Lord Lingen.
Lord Wigan.	

The EARL of CAMPERDOWN in the Chair.

Order of adjournment read.

The Proceedings of the Committee of Wednesday last are read.

Certain Agents and others interested in the Bills are called in.

The following Witnesses are called in, and examined, viz., Mr. *Robert Hunter*, Major *Armstrong*, R.E., Mr. *William Henry Preece*, and Mr. *Henry G. Calcraft*. (*Vide the Evidence.*)

*Ordered*, That the Committee be adjourned till Monday next, at Twelve o'clock.

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*Die Lunæ, 31<sup>o</sup> Maii, 1886.*

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LORDS PRESENT :

Earl Cowper.	Lord Wigan.
Earl of Camperdown.	Lord Methuen.
Lord Ashford.	Lord Wolverton.
Lord Balfour of Burley.	Lord Bramwell.
Lord Rayleigh.	Lord Lingen.

The EARL of CAMPERDOWN in the Chair.

Order of adjournment read.

The Proceedings of the Committee of Monday last are read.

Certain Agents and others interested in the Bills are called in.

The following Witnesses are called in and examined, viz., Mr. *Albert C. Meysey Thompson*, The Honourable *Reginald Brougham*, and Mr. *James N. Shoolbred*. (*Vide the Evidence.*)

*Ordered*, That the Committee be adjourned till To-morrow, at Eleven o'clock.

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*Die Martis, 1<sup>o</sup> Junii, 1886.*

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LORDS PRESENT :

Earl Cowper.	Lord Methuen.
Earl of Camperdown.	Lord Houghton.
Lord Ashford.	Lord Wolverton.
Lord Balfour of Burley.	Lord Bramwell.
Lord Rayleigh.	Lord Lingen.
Lord Wigan.	

The EARL of CAMPERDOWN in the Chair.

Order of adjournment read.

The Proceedings of the Committee of yesterday are read.

The

The following Resolution is then moved by the Lord Houghton, viz.,—"That it is desirable that Municipal Authorities should retain the power of purchasing compulsorily the undertakings of the Electric Lighting Companies."

Objected to. On Question—

Contents, 8.  
Earl Cowper.  
Earl of Camperdown.  
Lord Ashford.  
Lord Balfour of Burley.  
Lord Methuen.  
Lord Houghton.  
Lord Wolverton.  
Lord Lingem.

Not Contents, 3.  
Lord Rayleigh.  
Lord Wigan.  
Lord Bramwell.

It is then moved by the Lord Houghton, "That the Electric Lighting Companies shall be obliged to sell their undertakings to the Municipal Authorities, on the principle contained in the following Clause"—

"Section twenty-seven of the Electric Lighting Act, 1882, shall be read and construed as if the words—

" ' within six months after the expiration of a period of twenty-one years, or such shorter period as is specified in that behalf in the application for the Provisional Order or in the special Act, from the date of the passing of the Act confirming such Provisional Order or of such special Act, and within six months after the expiration of every subsequent period of seven years, or such shorter period as is specified in that behalf, in the application for the Provisional Order, or in the special Act.' "

had been originally omitted from the sixth and following lines thereof, and in lieu thereof the following words had been therein inserted :

" ' within six months after the expiration of a period of forty-two years, or such shorter period as is specified in that behalf in such Provisional Order or special Act, from the date of the commencement of the Act confirming such Provisional Order or of such special Act, and within six months after the expiration of every subsequent period of ten years, or such shorter period as is specified in that behalf in such Provisional Order or special Act,' "

and also as though the following words had been inserted at the end of the first paragraph of the said section :

" ' Provided also, that the Board of Trade may by any Provisional Order to be made by them under this Act, if they think fit, vary the terms upon which any local authority may require the Undertakers to sell, and upon which the Undertakers shall be required to sell to such local authority their undertaking, or so much of the same as is within the jurisdiction of such local authority in such manner as may have been agreed upon between such local authority and the Undertakers.' "

To which an Amendment is moved by the Lord Ashford to leave out the words "the following Clause" for the purpose of inserting the words "Clause 6. of Bill II."

On Question, That the words proposed to be left out stand part of the Motion—

Contents, 7.  
Earl Cowper.  
Earl of Camperdown.  
Lord Balfour of Burley.  
Lord Methuen.  
Lord Houghton.  
Lord Wolverton.  
Lord Lingem.

Not Contents, 4.  
Lord Ashford.  
Lord Rayleigh.  
Lord Wigan.  
Lord Bramwell.

The original Motion is then agreed to.

The Electric Lighting Act (1882) Amendment (No. 3) Bill [H.L.] is considered.

The Title of the Bill is read and postponed.

A new Clause is proposed by the Lord Houghton to be inserted at the commencement of the Bill, and is as follows :—

"Notwithstanding anything in the Electric Lighting Act, 1882, no Provisional Order authorising the supply of electricity by any undertakers within the district of any local authority shall be granted by the Board of Trade, except with the consent of such local authority,"

authority unless the Board of Trade in any case in which the consent of such local authority is refused are of opinion that, having regard to all the circumstances of the case, such consent ought to be dispensed with, and in such case they shall make a special report, stating the grounds upon which they have dispensed with such consent."

It is moved by the Lord Ashford to leave out all the words after "Trade" in line 4 of the said Clause, and to insert the words, "without hearing such local authority" in lieu thereof.

Objected to. On Question that the words proposed to be left out stand part of the Clause—

Contents, 6.	Not Contents, 5.
Earl of Camperdown.	Earl Cowper.
Lord Balfour of Burley.	Lord Ashford.
Lord Methuen.	Lord Rayleigh.
Lord Houghton.	Lord Wigan.
Lord Wolverton.	Lord Bramwell.
Lord Lingen.	

On Question, That the said Clause be inserted in the Bill—

Contents, 8.	Not Contents, 3.
Earl Cowper.	Lord Ashford.
Earl of Camperdown.	Lord Rayleigh.
Lord Balfour of Burley.	Lord Bramwell.
Lord Wigan.	
Lord Methuen.	
Lord Houghton.	
Lord Wolverton.	
Lord Lingen.	

Clause 1 is read, and amended, as follows:—

Leave out from "of," in line 19, to the end of the Clause, and insert,—

" ' a period of forty-two years, or such shorter period as is specified in that behalf in ' such Provisional Order or special Act, from the date of the commencement of the ' Act confirming such Provisional Order or of such special Act, and within six ' months after the expiration of every subsequent period of ten years, or such shorter ' period as is specified in that behalf in such Provisional Order or special Act,'

and also as though the following words had been inserted after the words ' or of any similar considerations ' in the said section :

' Provided also, that the Board of Trade may by any Provisional Order to be made ' by them under this Act, if they think fit, vary the terms upon which any local ' authority may require the Undertakers to sell, and upon which the Undertakers ' shall be required to sell to such local authority their undertaking, or so much of the ' same as is within the jurisdiction of such local authority in such manner as may ' have been agreed upon between such local authority and the Undertakers.' "

It is then moved by the Lord Balfour of Burley to insert at the end of the Clause the following proviso:—

" Provided that in any case in which the local authority is owner of any undertaking for supply of gas or of electricity for purposes of lighting, the Board of Trade shall not be bound to obtain the consent of the said local authority, but shall report to Parliament their reasons for dispensing with such consent."

After discussion, the said proviso is withdrawn.

The Clause, as amended, is agreed to.

It is then moved by the Lord Houghton to insert the following new Clause:—

" The Board of Trade may, from time to time, make, alter, and repeal bye-laws prescribing the manner in which, and the conditions under which, electric lines, or other works (not being electric lines or works laid down or erected under the provisions of any license, order, or special Act) may be laid down or erected after the passing of this Act, in, over, along, across, or under any street within the district of any local authority, for the purpose of supplying electricity; and the manner in which, and the conditions under which, any electric lines and works so placed after the passing of this Act shall be continued and used for such purpose, and may, by any such bye-laws, impose such penalties in respect of any breach thereof as they may deem necessary.

"No

"No bye-laws shall be made by the Board of Trade under this section in respect of any district unless and until they have been submitted to the local authority for such district, and such local authority has had an opportunity of making objections and representations to the Board of Trade in relation thereto; and all such bye-laws, when made, shall be published by the local authority of the district to which they relate in such manner as the Board of Trade may direct, and shall be laid before both Houses of Parliament within one month after the date of the making thereof, if Parliament be then sitting, or, if Parliament be not then sitting, then within one month after Parliament shall next sit.

"A copy of any bye-laws made by the Board of Trade under this section, and purporting to be signed by a secretary or assistant secretary of the Board of Trade, shall be sufficient evidence of the due making of such bye-laws, and of the contents thereof.

"Any penalty imposed for any breach of any bye-laws made under this section may be recovered summarily; and, where any penalty has been recovered in respect of any such breach, the Board of Trade may, by order in writing under the hand of one of the secretaries or assistant secretaries of the Board of Trade, direct and authorise the removal of the electric line or work in connection with which such breach was committed by such person and upon such terms as may be specified in such order in that behalf. Such electric line or work may be removed accordingly."

Objected to. On Question, That the said Clause be inserted:

Contents, 3.  
Lord Methuen.  
Lord Houghton.  
Lord Lingen.

Not Contents, 7.  
Earl Cowper.  
Earl of Camperdown.  
Lord Ashford.  
Lord Balfour of Burley.  
Lord Rayleigh.  
Lord Wigan.  
Lord Bramwell.

The Lord Wolverton declined to vote.

Then it is proposed by the Lord Ashford to insert a new Clause, as follows,—

"When in any case any electric line or other work may have been laid down or erected in, over, along, across, or under any street, for the purpose of supplying electricity, or may have been laid down or erected in any other position for such purpose in such a manner as not to be entirely enclosed within any building or buildings, or where any electric line or work so laid down or erected may be used for such purpose otherwise than under and subject to the provisions of a license, order, or special Act, the Board of Trade, if they think fit, may, by notice in writing under the hand of one of the secretaries or assistant secretaries of the Board of Trade, to be served upon the body or person owning or using or entitled to use such electric line or work, require that such electric line or work shall be continued and used only in accordance with such conditions, and subject to such regulations for the protection of the public safety, and of the electric lines and works of the Postmaster General, as the Board of Trade may by or in pursuance of such notice prescribe, and in case of non-compliance with the said regulations, then the Board of Trade may require such body or person to remove such electric line or work: Provided that nothing in this sub-section shall apply to any electric line or work laid down or erected by any body or person for the supply of electricity generated upon any premises occupied by such body or person to any other part of such premises."

Objected to. On Question, That the said Clause be inserted:

Contents, 8.  
Earl Cowper.  
Earl of Camperdown.  
Lord Ashford.  
Lord Balfour of Burley.  
Lord Rayleigh.  
Lord Wigan.  
Lord Methuen.  
Lord Bramwell.

Not Contents, 2.  
Lord Houghton.  
Lord Lingen.

The Lord Wolverton declined to vote.

It is proposed by the Lord Houghton to add the following sub-sections to the Clause:

"Where in any case any electric line or work is used for the supply of electricity in such a manner as to injuriously affect any telegraphic line of the Postmaster General, or to affect the telegraphic communication through any such line, the Postmaster General may, by notice to be served upon the body or person owning or using or entitled to use such electric line or work, require that such supply be continued only in accordance with such conditions and regulations for the protection of the telegraphic lines of the

Postmaster General, and the telegraphic communication through the same as he may by or in pursuance of such notice prescribe, and in default of compliance with such conditions and regulations the Postmaster General may require that the supply of electricity through such electric line or work shall be forthwith discontinued: Provided that nothing in this sub-section shall apply to the supply of electricity through any electric line or work laid down or erected under and subject to the provisions of any license, order, or special Act, or which may be used in accordance with any conditions or regulations prescribed by the Board of Trade by or in pursuance of any notice given by them under this section.

"If any body or person fails to comply with the requirements of any notice which may be served upon them or him under this section, such body or person shall be liable to a penalty not exceeding Twenty pounds for every such offence, to be recovered summarily, and any court of summary jurisdiction, on complaint made, may make an order directing and authorising the removal of any electric line or work specified in such notice by such person and upon such terms as they may think fit.

"Any notice authorised to be served under this section upon any body or person may be served by the same being addressed to such body or person, and being left at or transmitted through the post to any office of such body or the usual or last known place of abode of such person, and any notice so served by post shall be deemed to have been served at the time when the letter containing the notice would be delivered in the usual course of post, and in proving such service it shall be sufficient to prove that the letter containing the notice was properly addressed and put into the post.

"In this section terms and expressions to which by the Electric Lighting Act, 1882, meanings are assigned, shall have the same respective meanings, provided that the term 'street' shall include any square, court, or alley, highway, lane, road, thoroughfare, or public passage or place whatever, and the expression 'telegraphic line' shall have the meaning assigned to it by the Telegraph Act, 1878.

"Nothing in this section shall apply to any electric line or work of the Postmaster General, or to any other electric line or work used or to be used solely for telegraphic or telephonic purposes."

The Clause is agreed to.

Clause 2 is agreed to.

*Ordered*, That the Committee be adjourned till Friday next, at Eleven o'clock.

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*Die Veneris, 4<sup>o</sup> Junii 1886.*

LOBDS PRESENT:

Earl Cowper.  
Earl of Camperdown.  
Lord Ashford.  
Lord Balfour of Burley.  
Lord Rayleigh.

Lord Wigan.  
Lord Houghton.  
Lord Wolverton.  
Lord Bramwell.  
Lord Lingen.

The EARL OF CAMPERDOWN in the Chair.

Order of adjournment read.

The Proceedings of the Committee of Tuesday last are read.

The Electric Lighting Act (1882) Amendment. (No. 3) Bill (H.L.), as amended, is again considered.

Clause 1 is again read.

It is moved by the Lord Balfour of Burley to insert at the end of the Clause the following proviso:

"Provided that in any case where the local authority is owner of works for the supply of gas, or is holder of a license or Provisional Order for supply of electricity within the district, the consent of such local authority shall not be required, and need not be dispensed with by the Board of Trade, nevertheless such local authority shall be entitled to be heard by the Board of Trade against the grant of such Provisional Order."

Objected

Objected to: On Question, That the said proviso be here inserted:

Contents, 3.  
Lord Balfour of Burley.  
Lord Wigan.  
Lord Bramwell.

Not Contents, 7.  
Earl Cowper.  
Earl of Camperdown.  
Lord Ashford.  
Lord Rayleigh.  
Lord Houghton.  
Lord Wolverton.  
Lord Lingen.

It is then moved by the Lord Ashford to leave out Clause 1.

Objected to: On Question, That the Clause stand part of the Bill:

Contents, 5.  
Earl of Camperdown.  
Lord Balfour of Burley.  
Lord Houghton.  
Lord Wolverton.  
Lord Lingen.

Not Contents, 5.  
Earl Cowper.  
Lord Ashford.  
Lord Rayleigh.  
Lord Wigan.  
Lord Bramwell.

The numbers being equal it is resolved in the negative.

Clause 2 is again read, and Amendments are made therein.

The Title of the Bill is again read, and agreed to.

*Resolved*, That it is not expedient to proceed further with the Electric Lighting Act (1882) Amendment (No. 1) Bill (H.L.) and the Electric Lighting Act (1882) Amendment (No. 2) Bill (H.L.).

*Ordered*, That the Lord in the Chair do Report the Electric Lighting Act (1882) Amendment (No. 3) Bill (H.L.), with Amendments, to the House.



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MINUTES OF EVIDENCE.

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*Die Lunæ, 10<sup>o</sup> Maii, 1886.*

LORDS PRESENT:

Earl COWPER.

Earl of CAMPERDOWN.

Lord ASHFORD.

Lord BALFOUR of BURLEY.

Lord RAYLEIGH.

Lord WIGAN.

Lord METHUEN.

Lord HOUGHTON.

Lord WOLVERTON.

Lord BRAMWELL.

Lord LINGEN.

THE EARL OF CAMPERDOWN, IN THE CHAIR.

MR LIONEL LOUIS COHEN, a Member of the House of Commons,  
is Examined ; as follows :

1. Lord *Ashford*.] UNTIL you retired from business on your election to Parliament, you were senior partner of the firm of Messrs. Louis Cohen and Sons, of Throgmorton-street, were you not?

Yes.

2. And I believe that your firm carry on a very extensive business on the Stock Exchange, probably as large as any in the City of London ?

I do not know about other people's business ; it is what is called an extensive business in the City of London.

3. You yourself were Chairman of the Committee of Management of the Stock Exchange for a considerable time, were you not ?

I was at times chairman of the managers and trustees of the building ; that is as distinguished from the committee of direction.

4. I need scarcely ask you whether you have very large experience of commercial affairs in the City of London ?

I have some experience.

5. May I ask you whether you have read the three Bills which are now on the Table of their Lordships' House ?

Yes.

6. And you are well acquainted, of course, with the provisions of the Act of 1882 ?

Yes.

7. The object that I have in my mind is to elicit from you whether the Act of 1882 has unduly crippled electric lighting enterprise ; will you give the Committee your view upon the question whether the existing Act has tended in any way to retard the development of electric lighting ?

I am not in a position to give any information to the Committee as to the engineering points of the Act ; as to the commercial points, I consider that the Act of 1882 has not only retarded electric lighting enterprise, but that it is almost

(92.)

A 2

prohibitory

10th May 1886.]

Mr. LIONEL COHEN, M.P.

[Continued.]

prohibitory to the finding of capital, under the conditions of its 27th sections.

8. How far do you consider that the Government Bill (No. 3) before the Committee would meet the difficulties which you have suggested; do you consider that it would enable electric lighting to be fairly developed?

The Government Bill (No. 3), the Bill with Lord Houghton's name on the back of it, does not touch one of the crucial objections, which arises under Section 27 of the existing Act, inasmuch as, although it probably prolongs the period of time at the end of which the local authority may acquire the undertaking, the conditions under which that acquisition may be carried out, I think, remain untouched. There is no change whatever in the conditions under which the local authority may acquire the property of the concern.

9. You are aware that the only provision which is common to the three Bills is the amendment or repeal of the purchase clause, Bill No. 1 proposing to deal with it in one way, Bill No. 2 in a somewhat different way, and Bill No. 3 merely extending the term?

Yes. Bill No. 1 is the one which deals with it in the way which would naturally most attract capital to companies. The objections that I have to the purchase clause of the existing Act do not lie only as regards the time, but they lie also as regards the conditions. Firstly, as regards the time, the period of 21 years seems to me to be very illusory. It is supposed, perhaps, that a concession of 21 years gives 21 years in which to earn a return on the capital, but that is not so; 21 years is practically a concession at most for 18 years. A minimum of three years must be allowed, namely, two years for acquiring connection and setting up your plant, and developing your undertaking, even in an undertaking where not much development is required, and much more in a concern of this character; and for a period of one year before the close of any concession, no matter whether for a railway company, or a water company, or a gas company, or an electric lighting company, you must consider that the undertakers would not like to put fresh capital into it, in view of the fact that the concern would be absorbed by the local authority at such a proximate period of time. Therefore the period of 21 years reduces itself to 18 years at most; and most persons would say to 17 years. Then there comes the question of the conditions of purchase. Of course, the value of the material after it has been put into the ground is comparatively nothing; it would be merely the value of the old iron or the old plant; and that would necessitate the setting aside, during the course of the years for which the concession lasts, a very large sum annually, so as not only to give the undertakers a fair and reasonable return upon their capital in the shape of interest, but also recoup their capital within about 17 or 18 years, or proportionately within a longer period. When it extends to 30 or 40 years there would still be the same objection, only that, of course, it would not apply with such accentuated force as it would to the shorter term. Then, again, it seems to me that the number of letters and conditions with which the Act bristles at the present time (I do not know whether they are necessary in an engineering point of view), would certainly deter prudent people from putting their capital into a concern of this kind. What a man looks for when he invests his money is to have a clean and simple undertaking which he can understand and interpret for himself, without the aid of a lawyer or even of a broker, and then the capital is easily found for an undertaking which is well launched. But it is utterly impossible to attract capital to an undertaking if it bristles with so many precautions and compensations as this Act seems to me to have. Those are the three points which, commercially speaking, have, I think, operated greatly against the getting of capital for electric lighting. Of course I am not competent to say whether the necessary putting aside of such a large sum for sinking fund is compatible, in an engineering point of view, with the supply of the light at a sufficiently cheap rate to compete with gas. The Committee will understand at once that if it is necessary to provide a return of say 12 per cent. per annum on the capital, to comprise a sinking fund for the return of the capital, within a short period, the light

10th May 1886.]

Mr. LIONEL COHEN, M.P.

[Continued.]

light must cost a great deal, more than if it were only necessary to provide a return of 8 or 6 per cent. per annum.

10. The question which I first addressed to you was principally with reference to Bill No. 3, and to recur somewhat to that, I would ask you again the question whether, taking all that you have said into consideration, you are of opinion that the No 3 Bill, which is the Government Bill, would unduly retard electrical enterprise if it is passed in its present shape?

Undoubtedly it would unduly retard it.

11. Regarding the Government Bill as inadequate for the purpose of attracting capital to electric lighting undertakings, you have considered the two other Bills that are now before Parliament, have you not?

Yes.

12. Though Lord Rayleigh's Bill, which is No. 1 Bill, and No. 2 Bill, which I have the honour of introducing, differ in the mode of dealing with this purchase clause, is it not the case that they are not materially at variance one with another; that whereas Lord Rayleigh's Bill desires to set aside the principle which was adopted in 1882, and desires to place electric lighting companies on precisely the same footing as the gas companies; No. 2 Bill desires to extend the time and to sell the undertaking as a going concern at the end of the term?

Yes.

13. Comparing these two proposals together, which of the two would you yourself prefer?

As an investor I should prefer Bill No. 1, and I think I should prefer Bill No. 1 as a legislator, because I do not think that you can separate the interests of one section from the other; and it is better, while the absolute power of purchase is retained in the hands of the local authority, that the power of purchase should not be such as would discourage the investor and the inventor. I come to the conclusion that with No. 1 Bill you would have no difficulty in attracting capital; that No. 2 Bill you might in time of inflation succeed in getting the public into things of that kind; but in such a time of depression as we are undergoing now, and have been undergoing for the last two years, you want something more tempting to the public than you do at other times. I do not consider that Bill No. 2 would be sufficiently attractive, although it gets rid of a great many of the difficulties by saying that you must buy the business as a going concern. That is the essential point. Therefore, I think that No. 2 Bill might answer the purpose, but I would very much prefer No. 1 Bill to No. 2 Bill.

14. Will you be kind enough to consider your two positions, that of a commercial man of very great experience, and that of a legislator also, and to say whether you do not think that, although the Promoters of our Bill would be quite willing to accept the solution of the difficulty proposed by Lord Rayleigh, it is to be feared that we should find some difficulty in persuading Parliament to reconsider the decision arrived at in 1882, to the effect that it was not expedient to allow the creation of any new permanent interest?

You might have that difficulty; but it might be urged also that if, under the four years which have elapsed since that Act was passed, it has remained a dead letter, it is of no use to take powers which nobody acts upon; that there must be a change, and that you do not want to be always tinkering at legislation, and therefore you had better do something which will be thorough at the time.

15. Do you then think that it is unnecessary that there should be any power of compulsory purchase by a local authority at any period?

No; I think there should be a power of compulsory purchase.

16. Are you aware that there is no power of compulsory purchase in Lord Rayleigh's Bill?

I thought there was.

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17. I think the distinction between the two Bills is that in Lord Rayleigh's Bill the necessary protection is afforded to the public by limiting the dividend, and compelling them to raise all their new capital by public auction, whereas in our Bill protection is given to the public by allowing at the end of a certain period more extended than that contained in the Government Bill, the right of sale to local authorities. The question that I wanted particularly to direct your attention to was, whether or not you considered it necessary that there should be at some time or another the power of purchase by any local authorities?

I think there should be some power of purchase. At the same time I think it also, in the interest of the consumer, only reasonable that there should be some limitation of dividend.

18. Lord Rayleigh.] When you speak of a power of purchase, do you mean a compulsory power of purchase?

Yes; there is always an optional power of purchase, I presume.

19. Lord Ashford.] I must ask you to re-consider the answer which you gave, in which you said that you preferred Lord Rayleigh's Bill, No. 1 Bill, to the No. 2 Bill?

I ought to have said, perhaps, that I would take something out of each Bill. I would give compulsory purchase after a time as a going concern; and in case that it should be held, perhaps, that there was undue time or an undue premium, then I would limit the dividend to say 10 per cent., which I think is a very reasonable limitation of the profit of the company; and Parliament has thought it necessary recently to compel the issue of new capital by public tender.

20. Chairman.] You say that you would limit the dividend to 10 per cent.; when they made a dividend beyond 10 per cent. what would you do?

I would reduce the price after a certain limit of profit had been reached.

21. After they had reached a dividend of 10 per cent., would you force the price to be reduced?

I should not like immutably to say that. I fixed 10 per cent. as a reasonable limit, as it seems to me to be a reasonable return.

22. Lord Rayleigh.] Would you adopt the principle of the sliding scale of the Gas Acts?

Yes.

23. Chairman.] You say that you would limit the dividend to 10 per cent.; then, I ask, supposing that the profit exceeds 10 per cent., how do you propose to dispose of the surplus; should you propose to do it by way of reserve fund, which of course would go to the company, or should you propose to do it by way of compelling a reduction of price?

There would be two things to be considered before you could reduce the price. One would be the reserve fund, and the second would be the necessary amortization of capital, which would be dependent, of course, upon the conditions of re-purchase, which you fix by the Bill. The amortization fund, or the reserve fund, or whatever you like to call it, would necessarily be very small, if you gave power only to acquire the business as a going concern. If you gave power to acquire it for the value of the old material, then you would want a very considerable amortization fund.

24. In addition to the dividend of 10 per cent., would you have an amortization fund, and a reserve fund?

Obviously, dependent as to its extent upon the conditions of the Act.

25. Lord Ashford.] Then I gather from you that you would make a sort of eclectic Bill; that you would take some of the protection offered to the public out of Lord Rayleigh's Bill, and that you would also wish to see the clause about a going concern in No. 2 Bill incorporated in the new Bill?

Yes, that is so.

26. It is admitted, I think, that it is essential that the terms of purchase should

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should be such as to afford reasonable security to investors; do you think that the No. 2 Bill, which is the Bill with the term about a going concern in it is sufficient to attract capital?

It is very difficult to answer that question. Perhaps at the present time it is hardly sufficient. I cannot say that I myself should like to go into it, but then I am a particularly shy man, and you might find other shy men in the same way. I ought to say that I have not the least interest in any of these electrical undertakings at the present time.

27. You are personally entirely unconnected with all these undertakings? Entirely. I have not the smallest interest in any of the companies.

28. There has been some conversation which has not yet assumed any formal shape about the meaning of the words, "a going concern"; will you be kind enough to tell us what, in the City of London, you should consider was meant by the retention of the words "a going concern" in the Act of Parliament?

I should consider that "going concern" means the connection and good-will of the business, independently of the value of the material.

29. Lord *Bramwell*.] A concern which was being carried on with a view to its continuance for the purpose of profit, would be a going concern, would it not?

Yes.

30. If it was merely going on to be wound up, it would not be a going concern; but if it was going on for the purpose of its continuation for the ulterior purposes of profit, that would be a going concern?

That is a very good definition; a better definition than I could give.

31. Lord *Ashford*.] I want to ascertain whether, if the words, "a going concern" were allowed to remain in the Bill, the City of London would feel any hesitation as to what the meaning of that term was?

I do not think so.

32. Lord *Bramwell*.] You probably did not very often sit upon juries, because gentlemen in your position used to avoid them as much as they could; but do you think that a London special jury and a judge would have between them any difficulty in putting a meaning upon the words "a going concern"?

I do not think so; but that is rather a question for a lawyer than for a business man.

33. Lord *Ashford*.] I am not sure whether we have definitely on record your opinion as to whether the purchase clause in the existing Act has been such as to deter people from finding capital, or not?

I have already said that it has been, in my opinion, on three points, absolutely prohibitory.

34. Have you anything to add to what you have already said?

I do not think so, except the fact that I emphasized to the Committee, that it is necessary to be more attractive to investors or to the public at the present time than perhaps it would be at some period of inflation.

35. Lord *Rayleigh*.] Why do you think it is necessary that a local authority should have the power of compulsory purchase; why is it not sufficient to leave that to voluntary arrangement or arbitration?

I do not think that the Legislature would like to give a monopoly for ever without a subsequent Legislature having the right of calling it in. If I were asked to give an opinion I should hesitate to grant a monopoly, which I should have no power of terminating except at the mercy of the company itself.

36. You do not think that arrangements such as those proposed in No. 1 Bill regulating the amount of profit according to a sliding scale, and regulating the raising of fresh capital would be an equivalent for that power in the public interest?

No, I think myself that it would be a bad thing to give the power for ever out of the hands of the governing authority of the district. That is my own individual

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individual opinion, though that is hardly a commercial opinion upon the subject. You might think that a company would rather be unfettered and have a compulsory power of purchase, and pay what dividend they liked; or they might have a minimum dividend. That is according to the taste of different people. Then looking at it from a State point of view, I think that the State should have the power of re-purchase at some period not too proximate.

37. Lord *Bramwell*.] I understand your opinion is that whenever a power of purchase, supposing it to be given, is exercised, it should be upon the terms of paying a fair value, the value of the concern as a going concern?

Yes, including in the going concern the connection and the business, established as you said, as if it were a going concern.

38. With all its present advantages and all its prospective advantages and disadvantages, as the case may be?

Yes.

39. Then I understand you to say also, that you think the public may be protected from excessive charges by such an arrangement as is contained in Lord Rayleigh's Bill, that is to say, similar to the arrangements in the Gas Acts, that there shall be a maximum dividend, subject to this; that if they can diminish their prices they may augment their dividend, and that the fresh capital shall be put up to auction; you think that is a reasonable protection for the public?

Yes.

40. Supposing that the local authority buys the thing at its value, it makes no immediate profit on the transaction; will you tell me why you think it would be a good thing that it should be able to buy the concern at a fair price, which would give it no immediate profit; do you think that the local authority would manage the matter better than the company?

They would manage it perhaps more in the interests of the public, because they would not look for profit. The element of profit which you speak of which the company has earned, say for 40 or 50 years, would cease to be a determining quantity in the question of price. The local authority would only look at the interest of the consumer.

41. But the price given has been a price based upon all the future possibilities of profit of the company?

All the possible prospects at the time.

42. There will always be an element of uncertainty about it; there is a possibility of something else being discovered which may supersede electricity; or there is a possibility of electricity being made procurable at half the present price; but I have a difficulty in seeing how it is that the local authority is to make any profit out of a concern for which it gives full value?

But the object of buying a concern by the local authority is not only to make a profit out of it; the object is perhaps to give greater facility to the consumer, or perhaps the local authority may even deem it advisable to make a loss.

43. But surely it is not very desirable that the local authority should trade in a particular article which may be beneficial perhaps to one tenth of the community, and the rest may have no benefit from it at all. Take, for instance, the case of a gas company. A local authority sells gas at a particular rate, at which it scarcely makes a profit out of it. Then the sort of notion is, "Well, if the local authority loses upon the sale of gas, it makes it up in its rates, and if the rates are smaller the gas must be charged more for," and so on. But that is rather hard upon a man who burns wax candles all day?

The interests of the community must prevail.

44. As an economic question, is it not an invariable truth that a company working for profit works more advantageously than a corporate body which does not understand the business, and which must employ some other people under it?

The company works more economically.

45. And

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45. And it is better managed in every way ?  
Undoubtedly.

46. I daresay you remember the joke that there was at the time of the Crimean War, when it was said that instead of undertaking to take Sebastopol ourselves we had much better have hired a contractor to do it at a given price, and it would have been done much cheaper and better; that was perhaps not quite true in that case, but it is true in most matters, is it not ?

Undoubtedly, individuals do better than the State. I do not advocate that the local authority should do it; I advocate that the local authority should not shut the door against the possibility of doing it. That is all the difference.

47. I should like to suggest to you that as a matter of fact local authorities that have got gas undertakings have worked them themselves so as to make a rather small profit out of them; is not that so ?

Yes.

48. Do you know that the charge made by local authorities is on the average much larger than the charge made by a private company ?

I have heard so, but I am not personally acquainted with that.

49. Putting it in an abstract form, I should myself think that this would suffice to attract capital; give them a maximum of 10 per cent. (which you say, without tying yourself down to 10 per cent., as against 9 per cent., or 11 per cent., is, you think, a reasonable amount) if they can get it; and nothing beyond that, unless they can reduce the price of the electricity; and make them put up their fresh capital to auction; you think that those terms would attract capital ?

Yes.

50. And I should think those terms would attract capital, although the local authority had the right to buy them out at once, because, after all, you get the value for the thing which you have got; do you follow me ?

I follow you, but I do not agree with you, and I will show you why directly.

51. I thought it possible that you would not agree with me, for this reason, which makes me have a difficulty in agreeing with myself, if I may say so. If, directly the thing was settled, the local authority could buy the private company out, it would be such a speculation, such a matter of uncertainty, what would be the result, that it would be difficult to say what price ought to be given; is that your difficulty ?

Not only that, but there is this obvious difficulty: that however good a new discovery is, it takes some time before you can saturate men's minds with the fact that it is an unmixed benefit for them; and therefore you must leave a reasonable time for the growth of that idea in people's conservative minds.

52. I am glad to see that we agree. I think that there is no necessary limit of time, but that you may put it in this way: that the local authority should have no right to purchase until such a time has elapsed that you can say, with some reasonable certainty, what is the future of that company ?

That is so.

53. Lord *Houghton*.] I understand that you do not think the term of 40 years would be sufficient to attract capital ?

I think 40 years would be sufficient.

54. Not with the existing terms of purchase ?

No, I think not.

55. And you do not think that, the terms of Bill 2, Lord Bury's Bill, would attract investors ?

I should not like to say that. You cannot measure a thing like this mathematically with a pair of compasses. The two things to be desired for purchase are, the one a going concern, and the other a sufficient time, as I mentioned to

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Lord Bramwell, for the play of the concern as a business to make it a going concern.

56. But I understand that you would not put your own money in, even if the term were 40 years; I suppose you do not believe very much in electric lighting paying at all at present?

I am not in business now, and I am not very venturesome.

57. I suppose you do not think that a wise investor would invest his money on those terms?

I think a man might.

58. I understand that you think it necessary to have exceptionally attractive terms?

Generally speaking I think it desirable with a new discovery to give at the outset what you may call very liberal and attractive terms.

59. With regard to the meaning of the term "going concern" it was defined by Lord Bramwell, but do you understand that "going concern" involves a consideration of future profits?

To a certain extent. It involves a consideration of future profits in the way the thing is administered now. I do not think that a going concern involves a consideration of future profits with regard to a discovery unborn, if I may use the term, because that is a thing which you cannot measure. But here is a thing that has developed itself in this way for the last 20 years; and you may suppose that in the next 20 years it will develop itself to some extent being worked upon the same theories. That I think is an element in the purchase.

60. But supposing that an enormous dividend was paid for the last three or four years, would you calculate that the same dividend was going to be paid for ever?

You cannot lay down an axiom of that kind, because there may be exceptional circumstances.

61. But, of course, it would be to the interest of the company to pay as large a dividend as they could for the last few years of the term?

That could be looked into; there would be the usual powers of investigation as to that.

62. With regard to the limitation of dividends, do you think that that would not involve also the limitation of the amount of capital to be invested?

I do not think that there would be more difficulty with regard to the limitation of dividend in this than in any other undertaking.

63. But are not you aware that a great many people think that the attempt in the case of gas companies has failed, and is quite illusory?

The capital is "watered," I daresay, to some extent.

64. And that there would be the same risk in this instance?

You must run that little risk, I think.

65. Lord *Ashford*.] I do not quite understand the expression "the capital is watered"?

It is a well-known operation. It means that they have raised perhaps more share capital when they might have raised it in the form of debentures, so as to benefit the company, and swell the amount which they might take as dividend.

66. Lord *Houghton*.] That has been done, I believe?

I assume so. I have never been on the direction of any of these companies.

67. That would involve a very close public investigation of the accounts of the company, would it not?

Lord *Ravleigh* has guarded against that by having the capital adjudicated by public tender.

68. Put up to auction?

Put up to auction, I suppose, implies tender.

69. With

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69. With regard to what Lord Bramwell said as to purchase by the local authority, you have heard, have you not, of cases like the case of Birmingham, in which the concern has been bought by the local authority with a great reduction of price to the consumer?

I am not particularly acquainted with the circumstances of Birmingham. I have heard it said that they have made a profit out of the gas and water undertakings; but whether they have reduced the prices to the consumers, I cannot say.

70. Lord *Bramwell*.] In calculating the value of a going concern, I suppose you might fairly take into account the probabilities of improvement in processes; you would not deny that, I am sure?

No.

71. For instance, I am afraid to say now how much less coal is required per horse-power than when steamboats were first used; it is enormously less as you know, I have no doubt; I believe it is about one-third less. Take the case of fish-joints on railways, which you know of, I daresay, and which are used for making the rails more steady. The probabilities are that improvements in processes would take place, and not the reverse, because processes never go backwards; and therefore that might be fairly taken into account in calculating the value of a going concern, although it would be very uncertain and problematical?

Yes, I do not think that those words "going concern," present any difficulty whatever to the mind of a mercantile man. There has never been any difficulty found in appraising what the value of a concern is from those words having been used. Of course a lawyer might be able to split hairs over that as over any other point; but looking at it in a mercantile aspect it would involve no difficulty to settle what the proper interpretation of "going concern" is.

72. *Chairman*.] One word with regard to this term "going concern." Admittedly the words "going concern" may be well understood in the City, but if they are being interpreted by a judge they are a loose term, are they not?

That would be for a judge to decide. I should understand perfectly well what was meant.

73. You would understand what you meant; but is it not possible that a judge might take a different view?

I should go to counsel and say, "Just put it into the best legal phraseology you can."

74. Then if the term "going concern" were used, would it not be better that it should be defined in the Bill?

I myself should understand what it would mean.

75. But you will not have to interpret the Act you see, and a judge will; therefore if there is any obscurity whatever as regards the meaning of the term "going concern," would it not be better to define the term "going concern" if it is used in the Bill?

Undoubtedly, if it is within the compass of the draftsman to adopt words which express the meaning that we have agreed upon better than that, it would obviously be better to use words which leave no ambiguity. They would convey an absolute meaning to my mind, but I am not a judge, and I should say that it is better to choose words which would bring home to the mind, even of the judge who has to try the case, what is meant.

76. With regard to these three Bills, have I been correct in supposing that on the whole you prefer Bill No. 1?

Yes.

77. You expressed some little doubt as to whether Lord Bury's Bill would attract capital or not, but you feel confident that Bill No. 1 would?

Yes, from the investor's point of view I prefer Bill No. 1; but I think that it

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might be necessary from a legislative point of view to engraft upon Bill No. 1 a power of compulsory purchase in the interest of the local authority.

78. But you feel confident that Bill No. 1 would attract investors?

I think it would unless things have changed very much since I had to do with such matters.

79. Do you think that the terms proposed in Bill No. 1 are the least terms which would attract investors, looking at it from a public point of view?

I cannot measure it exactly; I think that Bill No. 1 would attract them. Some inventive mind might find some other process which would also attract capital. It is like calling in a doctor to feel the pulse of a patient who is in a high fever; you cannot tell exactly what amount of medicine will reduce the fever or effect a cure any more than you can tell here exactly what minimum of concession would attract the confidence of the public. Therefore, I say that, in a new concern like this, where you have no absolute data of previous discovery or investments of the kind to guide you, you should take a limit which would be sure to attract capital rather than one which might have the effect of adding another failure to that which has already taken place.

80. In other words, you think that the provisions of Bill No. 1 are certain to be very advantageous to investors?

I think so; I do not see what they can ask for more than that.

81. Lord *Bramwell*.] Do you mean that it would be unduly advantageous?

I do not think it would be unduly advantageous, because I think you have to overcome not only the ordinary hesitation, but you have to overcome that feeling of hesitation which you have created by the previous experience of the Bill of 1882, which has made a great many people lose their money.

82. *Chairman*.] Then all would turn upon the word "unduly;" what I want to ascertain from you is what you consider the least favourable terms which are duly advantageous to investors. When you say that you feel confident that Bill No. 1 will attract investors, you say that you feel confidence, because it will be very advantageous to investors. I am asking the question from another point of view, namely, the point of view of the public. What do you think are the least terms that would attract capital? To put it in another way, why do you feel confident that the terms of Bill No. 3 will not attract capital?

I feel pretty sure that they will not.

83. Do you feel quite sure of it?

I feel pretty sure. It is impossible to measure another man's mind, but, so far as my experience goes, I should feel certain that nobody would look at it.

84. But I understand your condemnation of Bill No. 3 to rest upon the fact that you are quite certain that it would not attract capital; Bill No. 2 is confessedly an advance upon the existing law?

There may be a few enthusiasts who would go into a thing of that kind, but the majority of prudent people would not dream of going into an investment where, within a measurable distance of time, the thing is absorbed for the value of the material; I do not think I can put it more strongly than that.

85. But when you say that the terms of Bill No. 1 are very favourable to investors, but not unduly so, how far does the limit of "duly" reach?

It is impossible to measure these things, as you appear to think I can, with a pair of compasses. I cannot tell you that a concession of 40 years would be sufficient, and that one of 39 or 38 years would not be sufficient. I say that the business of the State is to present something which will assuredly attract capital, and atone for the discouragement which this enterprise has received in the past; and I say that that Bill as drawn will, I think, do so. You might put two or three years' less time, and perhaps say that the value of future discoveries should not be included; but no person, however great his experience in the City (and my friend Mr. Gibbs, than whom no man has more experience, will corroborate what I say), can exactly measure the temper of the public on the matter.

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matter. The projector can only take into view that which he has before him, and in this instance he has not only to contend with the prevailing discouragement, but with the extra discouragement which past failure in this special enterprise has induced in the minds of investors. That being so, you may perhaps have to go a little further in one direction than you would originally have had to go if you had started on better grounds. But what is the exact apex of the terms I cannot say positively, nor is it a question which is susceptible of exact measurement.

86. Lord *Bramwell*.] You say that the terms are favourable; one of the terms is a maximum dividend of 10 per cent., and of course a maximum dividend of 11 per cent. would be more favourable, and a maximum dividend of 9 per cent. would be less favourable?

Just so.

87. Have you any opinion as to which would be the more advantageous to the public on the one hand, and to the investor on the other; do you think that 10 per cent., for instance, is a reasonable term?

I should think it a very fairly reasonable term. It would be too high in the case of a railway of which you can by previous experience measure what the risk is. Perhaps in this case 9 per cent. might be sufficient to attract capital, but no one can say.

88. Lord *Houghton*.] Supposing that the Bill was adopted in the form which you desire, that is to say, Bill No. 1, with the power of purchase as a going concern, do you think that under any circumstances it would ever be to the interest of the local authority to buy it out?

Undoubtedly it might be under many circumstances.

89. Under what circumstances?

Taking the case of a local authority of a town which they thought would grow very rapidly, it would be decidedly their interest to buy.

90. You do not think that the terms would be prohibitory?

No, I do not think they would.

91. Lord *Balfour of Burley*.] Would not the fact that a town was likely to grow very rapidly be just one of those facts that would be put before the arbitrator, and that the local authority would be made to pay something in respect of it?

Just so; but the commercial value, and the amount of interest which the local authority would have to pay for the capital that it would raise, for the purchase would not be nearly so much as the income that it would receive from the electric lighting, because electric lighting must yield a larger return than the simple investment of the City debt. For example, Birmingham is able to borrow money at  $3\frac{1}{2}$  per cent., and the town of Birmingham might very well think that it would put upon its citizens who benefited by this light, the risk as between  $3\frac{1}{2}$  per cent. and the 6 or 7 per cent., which would not be an undue return for an investment in electric lighting. Therefore, of course, in that sense, the town would make a profit out of it, and it would be a good investment for the citizens to make.

92. Lord *Lingen*.] There are three ways in which the purchase may take place. You may give only the cost of the materials; or you may give the cost of it as a going concern, but measured only by the past; that is to say, by the figures in the books for a certain number of years; or you may give the cost of it, not only measured by the past, but also prospectively?

Yes.

93. The prospective cost is of course an element of very great uncertainty and probably of dispute; and would probably go to arbitration. Supposing that you have a sufficient term, I will not say 30, or 40, or 50 years, but whatever may be thought a sufficient term, and that the cost of the purchase as a going concern was to be measured only by the books for a certain number of years without taking the future into account at all, do you think that that would be seriously prohibitive of sound investment?

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I do not think it would ; I think that if you gave terms of a sufficiently long concession, of the value of the material, and of the value of the goodwill of the business as it existed at the time, I think you might attract the capital, although of course I cannot speak with the same certainty (just as I apply the compass rule again) without the contingent future advantages.

94. By goodwill I should understand the state of the concern as proved by the books?

Yes.

95. Lord *Bramwell*.] Is it not possible that if you gave a term of 99 years, you might make it one of the conditions that at the end of that term the undertaking should belong to the local authority without any payment at all?

Yes, possibly.

96. And even then it might attract capital?

Yes.

97. People do not care much about what is going to happen for 99 years hence?

No.

98. If I recollect rightly, a shilling invested at compound interest, at 5 per cent. for 99 years, would produce about 6 l.?

I do not remember. There is only one other suggestion that I might make to the Committee which has not been in evidence before, nor am I sure that it would answer the purpose in this country, because it has never been tried ; but it is borrowed from the French Railway system. From 1842 to 1847 most of the leading French railways were projected, and I dare say the Committee is aware that the concessions were granted for a limited term of years. The system under which the State granted them was that the tenders came in by length of period. For example, the Great Northern of France Railway was first conceded for 37 years and a few months only ; and the successful bidder received his concession in accordance with the smallness of the number of years that he offered to take the concession for. I am not advocating that, because I do not think that we have arrived at that development of electrical enterprise that would admit of the introduction of such a system in this country ; but it might be borne in mind in treating of the Bill, whether at some future time a form of tender of that kind might not be adopted, that the local authority in granting the concession might invite tenders for the electric lighting of the town, based not upon the price, but upon the term of the concession for which a company was willing to undertake it. I should not like to say that that was the right system, but it is something which the noble Lords on the Committee might bear in mind in dealing with the Bill.

99. *Chairman*.] There is one question that I omitted to ask you with reference to the sliding scale. As you are aware, the principle of the sliding scale is that of a fixed electrical unit, the dividend to rise and fall according to the rise and fall of price beyond the statutory price ; do you consider that that would be applicable to electric lighting?

I should think so ; but I am not sufficiently versed in engineering to know how the grade of electric units goes.

100. But do you think that that principle, as a financial principle, would be an advisable one to apply?

I should think it might, but I answer that with great diffidence.

101. It is in Lord Rayleigh's Bill?

Yes, I see that ; but that is a part of the Bill that I did not give much attention to.

102. Lord *Ashford*.] I was rather careful in my examination of you not to say anything about my Bill, the No. 2 Bill, or to put it prominently forward ; but I should not like it to go forth that you entirely set aside the No. 2 Bill, unless

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unless that is really your opinion. I think it has rather been assumed that you are in favour of No. 1 Bill, with a certain addition?

Yes.

103. Are you aware that No. 1 Bill, with the addition of the clause as to purchase as a going concern, simply turns No. 1 Bill into No. 2 Bill?

Yes.

104. Then you cannot be said to be in favour of No. 1 Bill entirely?

The difference between No. 1 Bill and No. 2 Bill then would be that No. 1 Bill has a limitation of dividend. Then I think that if you give a concession for a certain period of time, you might fairly be asked to put a limitation of dividend in.

105. In perpetuity?

If you give a full term of concession, you might be asked in the interests of the consumer to put a limitation of the amount of the dividend in.

106. The term of the concession being 42 years?

Yes.

The Witness is directed to withdraw.

MR. HENRY HUCKS GIBBS, is called in; and Examined, as follows:

107. Lord *Ashford*.] You are the Senior Partner in the firm of Messrs. Antony Gibbs and Sons, of Bishopsgate-street, are you not?

Yes.

108. I believe you are a director of the Bank of England, and that you have filled the position of a Governor of the Bank?

Yes, in 1875.

109. And you are a director of the Mexican Railway Company?

I am.

110. You are also a member of the Royal Commission which is now sitting on the question of the depression of trade?

Yes.

111. I believe that upon this question of electric lighting you speak quite impartially, having no particular interest in any system?

Quite impartially. My house has held some shares in the Brush Company, but otherwise I have no particular interest in the matter; and I may say that I know nothing scientifically about it; so that I can only speak commercially upon the subject.

112. You have studied the provisions of the three Bills that are now upon the Table of the House, have you not?

I have.

113. Would you kindly state to the Committee your views upon the question whether the existing Act, that of 1882, has tended to retard or to develop electric lighting?

I should say that it had certainly tended to retard it. There has been no progress, so far as I know, made in public electric lighting since the passing of that Act, and it has been generally supposed that it is in consequence of the provisions of that Act.

114. Would you give your reasons for supposing from what you have observed in the City of London, that the Electric Lighting Act of 1882 has had a deterrent effect?

Section 27 is the really deterrent part of the Act. It has seemed, and would seem, to me impossible that anybody should be willing to take shares in an electric lighting company, or in an electric undertaking of this kind for public supply,

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supply, if after 21 years the whole chance of profit was to be taken away by the compulsory purchase of the concern, not at its value, but at the value of the plant.

115. Then would you kindly tell me whether you think that the present proposal of the Government to extend the term of purchase to 30, or in certain cases to 42 years, would remove the objections which are entertained in the City to the Act of 1882?

I do not think it would. I do not think that the provisions of No. 3 Bill, as proposed, would alter the minds of the people in the City on that point. It goes on the same lines as the former Act, and does nothing more, I think, than extend the time for compulsory purchase on the same terms as in the former Act.

116. You are aware that in my Bill, No. 2 Bill, there is a power of purchase as a going concern; do you think that if those terms were inserted it would remove the objection to the 1882 Act?

In a great measure, no doubt it would.

117. But you would like to proceed still further?

I should myself. I incline to think, if I am to answer that question now, that No. 1 Bill would be more likely to command capital. I think that certainly the Bill proposed by your Lordship might attract capital, but it would be very uncertain. I think people would not like to make it a matter of certainty to themselves that they would be bought out after a certain time. The whole business of electric lighting seems to me (I speak rather ignorantly upon the subject) to be entirely experimental, and much time would have to be occupied in installing and making preparations for the whole thing, and much more time would have to be occupied in attuning men's minds to it. Gas is in possession, as it seems to me. People would say, "Well, I get a very fairly good light with gas, and I do not see why I am to change; I have all my fittings for gas, and I do not think I will make any alteration." Unless they could see a considerable advantage in electric lighting, and unless therefore those who were intending to provide them with electric light could see that they themselves had a certainty (so far as a certainty is attainable) of getting some profits, I think they would look with some displeasure at the idea of being bought out even as a going concern.

118. I believe that you are of opinion that if a limitation of time only was imposed, as in the Government Bill, it would impose upon the companies undertaking the electric lighting the necessity of charging so much per unit of electricity that it would compare unfavourably with the cost of gas?

It seems to me that they would be between Scylla and Charybdis, that they would either have to charge so high a price that nobody would desert gas for them, or that they would charge so low a price that it would not pay them at the end of the time for their risk, and give them a reasonable profit on their investment.

119. Is the expression "electrical unit," a term that is sufficiently understood?

I suppose it is; it is the unit of electrical current; I think it is called the ampère. I have electric lighting in my own house, and therefore I am somewhat familiar with the terms, though I have no scientific knowledge on the subject.

120. But it is a term which is understood in the City?

It is beginning to be understood; but it can hardly be said to be understood, because so very few people have electric lighting.

121. Nothing turns upon the question, except that I did not know whether one was at liberty to talk of electrical units?

I think so.

122. Then you think that an extension of time to 42 years would not be

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[ *Continued.* ]

be sufficient to attract capital, unless some additional alterations were made in the Act of 1882 ?

I do not think so.

123. I think you said that you thought that Lord Rayleigh's Bill was more likely to attract capital than the others ; that would naturally be the case, would it not, in that that Bill is more favourable to investors ?

Certainly.

124. But taking the case of the general public, would the general public consider that under Lord Rayleigh's Bill a new monopoly was being sanctioned, and would they object to it on that ground ?

I think not. A monopoly guarded as this would be by the clauses of the Gas Acts, that is to say, the limitation of the dividend, the inducement to the company providing the electricity to diminish the cost to the public, and the inducement that they might have a higher dividend if they could do so by diminished cost, would, I think, outweigh the objections.

125. You heard the examination of Mr. Cohen just now ?

Yes.

126. Mr. Cohen suggested that there should be, in addition to a limitation of dividend, a period at which local authority should be allowed to come in and purchase, would you be kind enough to tell me whether you agree with that view ?

I should be inclined to disagree with it. I think that local authorities are better out of the matter altogether. You either make the local authority a monopolist (and apparently the objection is to erecting a monopoly) or a speculator ; because if the local authority is to take the business over, they have to take it over with its advantages and with its disadvantages. I should look with some jealousy upon the purchase by local authorities. If they were to purchase at all, I would rather make it allowable, that is to say, that they should have authority to purchase, than that the purchase should be compulsory upon the company.

127. Lord *Rayleigh*.] That is provided for already in No. 1 Bill ?

Yes.

128. Lord *Ashford*.] In point of fact, you are in favour of Lord Rayleigh's Bill generally ?

So far as I am competent to pronounce upon it at all, I am.

129. But it has naturally not occurred to you whether that Bill would be acceptable to the House of Commons, for instance ?

That seemed to me rather beyond my attributions ; but looking at it as one who has some share in the election of the House of Commons, and having a vote, I should see no objection to it at all. I cannot see why that which has been thought good in the matter of gas should be thought ill in the matter of electricity ; and inasmuch as I think it would be a very good thing for England that this electric lighting should be, I will not say fostered, but not hindered, it appears to me to be reasonable that such a Bill should be passed.

130. In point of fact, then, you are not favourable to the principle which was introduced originally by the Act of 1882, that is to say, the limitation of a certain number of years after which compulsory purchase should be allowed ; but you would rather see, as in the case of Gas Acts, permission to exist in perpetuity, with a limitation of dividend ?

Yes, or else what Lord Bramwell suggested. I should have no objection to a very long term, at the expiration of which the undertaking should cease altogether to belong to the company.

131. That would amount to the same thing, would it not ?

It would amount to very nearly the same thing.

132. The principal point that I wanted to establish, so far as you are concerned,

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concerned, is that you object to the limitations inserted in the Act of 1882?

Yes.

133. Are there any other remarks that you would favour us with?

I do not remember whether I said that gas being in possession, and electric lighting being, one might say, speculative (I do not mean speculative only in point of money, but speculative as to the amount of perfection to be produced), I should hardly think that the enterprise of electric lighting should be put in a worse position than its rival. Gas being in possession, and people being thoroughly accustomed to gas, and the gas companies having at present a foothold, it is rather hard upon any new and presumably better mode of lighting that it should be discouraged by Parliament.

134. May I ask whether you have in the course of your commercial experience seen any attempts to introduce electric lighting backed up by persons who would otherwise have commanded respect, and who have failed in consequence of the provisions of the Act of 1882, or for any other reasons?

I suppose that several of the companies now existing have had capital enough (but of that I am not able to speak) to attempt electric lighting if they had been so minded, and if they had thought that the provisions of the Act of 1882 were such as did not make it dangerous for them to do so.

135. But has it come immediately under your commercial experience to witness the breakdown of any such attempt?

No, it has not. I have known of a great many electric companies that have broken down, but whether from that cause or from any other cause I cannot say. It is a matter of public notoriety; I do not know it from my own personal knowledge.

136. Lord *Balfour of Ebury*.] Are you of opinion that the restrictions imposed upon gas companies at the present time have been sufficient in the interests of the public to prevent the creation of a large monopoly?

I do not know that I can answer that question. I do not know that we have any very great reason to complain of the amount of money that we pay for our gas; at least here in London. In country places, of course, where the monopoly is not established by Parliament but by facts, we have to pay very large prices; but in London, I suppose, the price is not very great as compared with what one had to pay for lighting before one had gas.

137. You expressed an opinion just now adverse to local authorities trading in these matters at all; I do not wish to argue that matter with you, because Parliament has taken a contrary view, and allowed them to do it. That being the policy of Parliament, is it your opinion that the legislation which has been imposed upon gas companies has been sufficient to prevent the creation of a monopoly, and to enable local authorities to purchase these undertakings upon proper and reasonable terms?

I have not considered the matter, and I hardly think that I can answer that question.

138. I understood you to say that you did not think that electric lighting should be put upon worse terms than gas?

Yes.

139. That opinion was expressed, I suppose, in the interests of electric lighting?

Rather in the interests of those who are to be electrically lighted. That was the view that I had, that if it was thought good that this special improvement in lighting should be introduced, it was a pity to handicap it; that was the whole scope of what I meant in that answer.

140. Lord *Houghton*.] I understood you to say that you do not think that the monopoly of the gas companies has been detrimental to the interests of the public?

I certainly should not have thought that it was.

141. Did you hear what the last witness said about the limitation of dividend; I think

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[Continued.]

I think he stated that what is termed the "watering" of the capital could be guarded against by the shares being put up to public auction?

Yes, I should think it could.

142. But that would not apply, surely, to the original capital of the company, would it?

No; that is only with regard to new capital being issued.

143. Then how would you prevent their raising an extraordinary amount of capital originally, and wasting it?

I really have never thought of their doing so until the last witness spoke of it; I never imagined that ingenious plan of getting more than they ought.

144. But would it not be extremely difficult to prevent it?

I should think it was quite within the competence of Parliament to prevent it somehow or another, but I have not thought of a way in which it could be done.

145. But you think it might be rather difficult to prevent their raising a very large nominal capital and dividing it gradually in the form of a 10 per cent. dividend?

The payment of dividend out of capital, I suppose, could be quite well guarded against.

146. But there would be means of disposing of the capital nominally, and yet not really spending it; and it would be very hard to prevent that, would it not?

My experience does not go so far as that. I cannot say whether it would be difficult, or whether it would be possible, to do such a thing; it has never occurred to me at all.

147. Lord *Bramwell*.] I understand you to say that so long a term might be granted, that investors would not care what happened after the termination of it?

I think so.

148. But even in the case of a long term, would there not be this disadvantage, that supposing it was not shortly coming to an end, it might be desirable for the investors to lay out new capital?

Yes.

149. But if that new capital was to be taken from them upon the terms mentioned in the original Act, I suppose it would have a deterrent effect upon the laying out of the new capital?

Yes.

150. However long the term might be?

Certainly. That was one of the things which I meant to have said, but forgot to mention. As regard the present Act, and as regards Bill No. 3, they would stand very much in the way of raising new capital, inasmuch as the advantage of the contributors of the new capital would be very much curtailed.

151. You are not a lawyer?

No.

152. I have had the pleasure of being concerned for you too often not to know that; but you have been asked whether there would not be a difficulty in drawing an Act of Parliament; can you conceive that properly qualified legal persons could not draw an Act of Parliament in such a way as to preclude a nominal addition to the capital of the concern which was not really employed for capital purposes?

No, I should not fancy it possible; but as Lord Houghton fancied it was possible, and as I was not a lawyer, I did not venture to say that it was not possible.

153. Perhaps, instead of asking the question, I ought to answer it; I have not the least doubt in the world about it?

I should think there would be no difficulty.

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154. Lord *Houghton*.] My point was not that the law could not be made, but that it could be very easily broken, and that there would be no means of detecting it when it was broken. I did not doubt the competence of a lawyer to draw up anything?

Perhaps I did not quite follow your question correctly.

155. Lord *Bramwell*.] I cannot refrain from asking you this question: Are monopolies disadvantageous? I believe that the New River is a monopoly, and the shares are at about 20 or 30 or 40 times their original cost?

Yes.

156. Do you think that the New River has been a disadvantageous thing to the metropolis?

I do not know what we should have done without it.

157. I think you disapprove of corporate trading, as a rule?

I should rather do so.

158. You would not, for instance, like the local bodies to have a power of buying up all the bakeries in the City and selling bread?

Certainly not.

159. You possibly know that the local boards or authorities which have bought up gas companies are very much opposed to electric lighting, not because electric lighting is not a better thing than gas lighting, but because it will interfere with their property as gas-light owners; do you know that to be the case?

I do not know it, but I have no doubt of it.

160. You say that you approve of Lord Rayleigh's Bill?

So far as I am able to judge.

161. You, therefore, think that it is right?

Yes.

162. But, although you think it is right, you cannot express an opinion whether it will be acceptable to the House of Commons?

My respect for the House of Commons forbids me to answer that question.

163. Lord *Rayleigh*.] You spoke just now of the difficulties which might arise towards the end of any period prescribed in the Act in the way of raising fresh capital, in order to extend the area of the undertaking, and to introduce fresh plant. I think it is important that we should have your opinion as to the nature of the objection to that. Do you regard that merely as an objection from the point of view of the undertakers; is it not also to be regarded as an objection from the point of view of the public?

Yes, inasmuch as there would be more difficulty in raising the capital for that which would be for the supply of the public.

164. Therefore for some years, towards the end of any period for which a concession had been made, the public interest in the supply of electric light would be liable to be prejudiced?

It would stagnate; any attempt to improve the lighting would not find any support.

165. I am not quite sure that I understand the difficulty that was pointed to in the question raised by Lord Houghton. I thought his question pointed to this: that a company might in the first instance raise a large nominal amount of capital, and would then be at liberty under Bill No. 1 to divide 10 per cent. upon that nominal capital, although part of the capital might not really be paid up or embarked in the undertaking at all. I will read the words of Clause 9 of No. 1 Bill: "The profits of such undertaking to be divided amongst the undertakers in any year shall not, save as hereinafter provided, exceed the prescribed rate, or where no rate is prescribed, exceed the rate of Ten pounds per centum per annum (which prescribed rate or rate of Ten pounds per centum, as the case may be, is hereinafter referred to as the standard rate of dividend) on the paid up capital which shall be authorised by the Order or special Act." It seems to me that under that clause it would not be possible for a company to pay 10 per cent.

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cent. upon any other capital, except that which was actually paid up or embarked in the undertaking?

Obviously that would be the case; but I understood Lord Houghton to suppose that a larger amount of capital would be raised and paid up and expended uselessly.

166. Lord *Houghton*.] That was my point?

That was what I thought was your Lordship's fear in the matter. I did not understand it, and I do not see what they could do with their money. They could not pay it away in dividends.

167. Lord *Rayleigh*.] If the Company had any such interest as is now suggested, would it not be very much to their interest, instead of squandering a large capital upon little undertakings, to increase the area of their undertaking and to spend the larger capital upon the larger district?

I should think so.

168. Lord *Lingen*.] But would the Bill No. 1 provide for this case; supposing that they took power to raise a capital, we will say of one million; but that they had not the least likelihood of having to spend more than 500,000 *l.* for a very considerable period; then if the undertaking succeeds there comes a period when they want the other 500,000 *l.*, but, under their original powers, they will raise that and then get the 10 per cent. upon it. That is really what the gas companies to a very considerable extent have been doing, as I understand it now; that when their business succeeds, and when they want to extend it, they issue the fresh capital at par to their shareholders; whereas, if they put it on the market, it is worth cent. per cent. or more?

Yes.

169. I do not see that No. 1 Bill provides against that——

170. Lord *Rayleigh*.] Would not that seem to be a very clear evasion of the auction clauses?

I think so.

171. *Chairman*.] It is only a new capital that comes under the auction clauses, and actually at this moment some of the gas companies if they have unissued capital existing under their Acts, have the power of issuing it at par, and not only have they the power, but they actually do issue that capital at par?

No doubt.

172. Lord *Rayleigh*.] Do you think that there would be any real difficulty in providing against that which seems to be simply an evasion of the Act?

I cannot think that there would be any difficulty at all. Reverting to the difficulty of raising new capital, if the time was limited, say, to 40 years you will see that if you take the thirtieth year the new capital might be needed to lay out a fresh portion of the undertaking; but at the end of a further 10 years the whole of the undertaking would be liable to be bought up by the local authority at the cost of the plant. So that the purveyors of the new capital would only take their share of their own new plant, upon which their own capital had been expended, and of the worn-out plant before used. I think that there would be a great difficulty in that way. Anybody who was asked to contribute new capital would say "I would rather not."

173. *Chairman*.] One question with regard to this point of capital. Let us dismiss altogether the question of new capital, but let us take an electrical company which is starting, and which requires for the purposes of its undertaking 500,000 *l.* As it is to start subject to the provisions of the Act of Parliament, would it not be to the interest of that company to ask for a much larger capital than would be actually required for the purposes of its business, with a view to its eventual purchase?

You mean to say under the No. 3 Bill?

174. Supposing the power of compulsory purchase to exist, would it not be the

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the interest of any company which was subject to purchase, and subject to a maximum dividend of 10 per cent. to apply for a larger capital in their original scheme than they actually required?

I do not at once see why it should be so, because, as I understand, the business is to be purchased by the local authority as a going concern; that is, at its real commercial value, not with reference to what had been expended upon it, but with reference to what it was producing and might produce.

175. A going concern, of course, comprises all elements of future profit, does it not?

And loss.

176. But does it not comprise all future profit?

Yes, certainly. Its value as a going concern would be the sum which a prudent purchaser, taking into account the past progress and probable future development of the undertaking, would be willing to give for it.

177. Then we will suppose a company, with a capital of a million, of which it had a right to issue, at par, 500,000 £., that right being still unexpired; would not that be put forward as a claim for an additional sum when the undertaking was being compulsorily purchased?

Anything might be put forward; but unless it could be shown that that other 500,000 £. could be advantageously expended in lighting up new quarters of the town, I doubt whether the arbitrators, or whoever had to look into the matter, would give the company anything more for it. If there was an extension of business probable, or even possible, they might take it into account. If one had to arbitrate it oneself one would look at it in that way.

178. Lord *Bramwell*.] If I understand the question put to you it is something like this: a company starts with a capital of a million, of which 200,000 £. is called up, and they leave the other 800,000 £., which would not be within the auction clauses, and which 800,000 £. they might call upon the shareholders for if they wanted it. In the case of insurance companies, I know it is a very different thing; but I want to ask you, as a man conversant with these matters, whether it is customary for railway companies, steamboat companies, or others, to issue shares to an amount of which they only want one-fifth, leaving their shareholders liable to the other four-fifths?

I think they would get very few shareholders if they did so.

179. They would not do it, because a man who laid out 1,000 £. would find himself liable for 4,000 £. more?

I believe that the usual course is in the case of railway companies, and so forth, that a certificate is produced, or a tender is produced by some contractor, who says, "I will construct the works for such and such a sum"; and if the company were to ask with no reason assigned for four times that sum, nobody, I imagine, would take a share.

180. There are building companies where the whole of the share capital is not called up, but never in anything like the proportion which has been suggested to you?

That is so.

181. Lord *Lingen*.] The proportion may be varied in different ways, but it is perfectly notorious (at least, I thought it was) that in the case of water and gas companies, a very considerable part of the present value of being shareholders in those companies is, that when they raise fresh capital, many of them have certainly not put that fresh capital upon the market, but have issued it at par to their shareholders; and my point was this: that if the whole of the capital was not paid up at first, the margin might be used in the same way as it has hitherto been used, as a great element of profit to the original shareholders?

Yes.

182. Of course it would be a question for purchasers whether this prospect of gain was more attractive than the risk that it implied of further calls; but, practically, fresh capital might be issued without being put upon the open market?

Yes, but you are speaking of fresh capital, are you not?

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183. My point is, that the power to raise original capital may be obtained to a greater extent (to what extent it is not material to my point to consider) than for the immediate purposes of the company?

No doubt it might very well be that with a reason given for the ultimate calling up of fresh capital, as I said before, for the extension of the works of the company, they might provide in the original prospectus for a larger amount of capital than they were immediately going to employ.

184. And to that extent they would defeat what are called the auction clauses?

To that extent, yes. It is probable that they would make it a little more difficult to obtain their money, but it is quite possible that there might be a defeating of the auction clauses in that way.

The Witness is directed to withdraw.

PROFESSOR GEORGE FORBES, M.A., F.R.S.E., is called in, and Examined ;  
as follows :

185. Lord *Rayleigh*.] You are an Associate of the Institute of Civil Engineers, and Member of the Council of the Society of Telegraph Engineers and Electricians, are you not?

I am.

186. And you were formerly a Professor of Natural Philosophy in Anderson's College, Glasgow, and you are a general Consulting Engineer?

Yes.

187. I understand that you have given a good deal of attention to the different electrical systems that might be employed for the general lighting of a district. and I should like you to give the Committee your opinion as to whether the details of those systems had been sufficiently worked out to have rendered an electrical undertaking on a large scale practicable, if it had not been for legislative conditions?

It is true that I have devoted a good deal of time to the study of the proper methods of distributing electricity in the manner described. My attention was drawn to the importance of this matter of the distribution of electricity at a very early stage in the period of electric lighting, in fact even shortly before the introduction of the Electric Lighting Act of 1882. I then commenced a series of investigations into the different methods of distributing electricity which were then known, and which have since become known; and at different times I have published the results of this work. Perhaps it may shorten reference in the future if I mention some of the details of this work, which are to be found in the Journal of the Society of Telegraph Engineers and Electricians in 1884, and in the Journal of the Society of Arts in the years 1885 and 1886. The general result that I arrived at in this investigation is that there are at least five useful and independent means of distribution. Most of those five systems contain several sub-sections. I will just mention the five systems into which I have divided them, though I shall not go into great technical details. The systems are as follows: 1. Parallel; 2. series; 3. parallel series; 4. secondary batteries; 5. secondary generators, or transformers, as they have been called. The engineer is thus provided with abundance of resources for any special case which may arise. Each of these systems is especially suitable in particular cases. I may mention that most of those systems that I have examined into were equally available in 1882. The only really important additions to our resources are in the improvement of secondary batteries, and in the introduction of secondary generators or transformers. The secondary generators or transformers are comparatively a recent invention, and they have only been intro-

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[Continued.]

duced successfully into the commercial world since the passing of the Electric Lighting Act. I do not know whether they are sufficiently well known, but if the Committee wish for further information on them, I should be very ready to give it. But what I wish to point out in answer to your Lordship's question is, that all these systems, with the exception of the last, were perfectly well known in 1882; and, therefore, the conclusions which I have come to from my own work as to the distribution of electricity, would have held exactly the same in 1882 as they do at the present time. In 1882 there were no engineering difficulties which ought to have stopped the way of electrical lighting on a large scale from central stations; and had there not been some other barrier to the progress of this industry, I speak confidently when I say that at the present moment we should have numerous examples of central station lighting on a large scale in this country. I think I am right in saying that I am confirmed in this opinion by reference to what has been done in other countries in Europe, where great progress has been made in central station lighting, although those countries, so far as I am aware, have never in the past been habitually ahead of this country in the introduction of any new industry of so important a character as the one of which we are speaking at present. I am still more confirmed in this opinion by a reference to the progress that has been made in America, which I visited in 1884, to some extent with the express purpose of inspecting their electric lighting arrangements. American towns are generally supplied with the electric light by means of the methods which were well known in 1882. In fact, the one method which I have spoken of as having been introduced since 1882, namely, the secondary generators, and the other method which I said had been so very much improved since 1882, namely, secondary batteries, had neither of them been introduced in the United States at that time. Yet there is not an important town in the United States where the streets are not lit by electricity, and the number of central stations there is very great indeed. In answer to your question generally, I may say that in 1882 there was nothing in the engineering question which should have prevented electricity from being economically supplied in a great many cases. In 1886 it can be economically supplied in every case that can arise in Great Britain.

188. Then what conclusion do you draw from those facts, as to what has been the impediment?

I am practically certain that the main difficulty has been in the Electric Lighting Act of 1882. I went into the question in the course of a communication to the Society of Arts on the 19th of February in this year. I considered this matter with some care, and I said that there was another cause which had deterred electric lighting to some extent, and that that was unnatural financial speculation which was so predominant in this country about the period of the Act. Advantage was taken of the interest in electric lighting which had been caused by the Paris and Crystal Palace Exhibitions, and money was raised with very objectional objects, as it seemed to me, to purchase concessions for some particular company of a district where it was perfectly unnecessary to buy any concessions whatever; and I think the enormous financial speculation of that period frightened people, and prevented their taking up what really was a sound business, sound from an engineering point of view, and sound, I believe, from a financial point of view. That period, as I understand, is past, and with matured knowledge confidence is again being restored, because the public learn from competent and disinterested persons, that economical electric lighting can be accomplished without the necessity for paying the very heavy royalties, and the large prices which were formerly demanded for those concessions. I then said on that occasion at the Society of Arts, that the other cause of importance was the Electric Lighting Act of 1882, an Act whose object was to give undertakers the right to break up streets in order to lay conductors under certain conditions. It seems to me that those conditions are very unjust. It has been said that looking at the monopolies which exist in gas supply there is a fear that a new monopoly will be created in electric lighting. In consequence of this, it seems that the electric lighting industry has

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has been hampered with conditions different from and far more stringent than those imposed upon gas undertakings; and with those conditions, I cannot conceive of any person investing in such a speculation. I think that the 27th Section of the Act of 1882 is the most serious thing, and if it was desired that I should say anything more about what I think of it, I should be very glad to do so.

189. Have you gone into the detail of special cases, so that you can give the Committee any opinion as to whether the electric light could now be supplied at a cost likely to compete upon favourable or equal terms with gas?

I have; but before I go on to take that part of my evidence, perhaps it would be right that I should support the statement that I made, that this opinion is confirmed by comparison with Europe and America. I have taken the trouble to examine as far as possible into what is being done in Europe in the first place in the matter of central station lighting. It has been very difficult to collect facts together; and I am quite well aware that the facts which I have obtained are very imperfect. But I think that a list which I have compiled of towns which are introducing central station lighting in different parts of Europe will be sufficient to indicate to the Committee the progress that is being made on the Continent, when I supplement it by saying that it is manifestly very imperfect, because it is an extremely difficult thing to get facts upon installations which are being erected at the present time. But I have a list of 24 towns in Europe where central stations are established or being established, some of them for the supply of arc lights, all of them, I think, for the supply of glow lamps, that is to say, the incandescent light.

190. For domestic use?

For domestic use. The small incandescent lamps are for domestic use. Those places are Aberfeld, Amsterdam, Antwerp, Bergen, Berlin, Bremen, Chemnitz, Crefeld, Dijon, Dresden, Gladburgh, Hamburg, Hermosand, Lille, Lucerne, Madrid, Milan, Munich, Palermo, Rome, Rotterdam, Tours, Turin, Vazallo, and Vienna. Those are for a supply of central lights up to the number of 10,000 or 12,000 lights for domestic use.

191. Can you tell the Committee how many central lighting stations there are in the United Kingdom comparable with those you have named?

I believe there is only one central lighting station in the United Kingdom which can be called such on any large scale; and the fact of that station existing, and that it is the only one that does exist, is perhaps the strongest evidence that the Electric Lighting Act has had something to do with the matter. The central station of which I speak is the one which distributes from the Grosvenor Gallery Buildings in London. I believe I am right in saying that there are about 6,000 lamps being supplied from there, or which they are preparing to supply if the whole number has not been completed yet; and the peculiarity of that installation is that no appeal to the Electric Lighting Act was necessary. The conductors in that case are carried overhead, and it is unnecessary to seek for power to break up the streets.

192. *Chairman.*] Then they had, I suppose, to get the consent of the persons over whose houses the wires are placed?

They had to get way-leaves from the persons over whose houses the wires go. I believe that there are one or two small example of installations, one at Brighton, I believe, and one or two other very small things indeed; but there is no other serious example of central station lighting besides this one that I am now speaking of.

193. *Lord Rayleigh.*] The legislative provisions which are applicable on the Continent would very likely vary in different places; could you give the Committee any idea whether in the cases where those stations are established on the Continent the legislative conditions have been more favourable than they are here?

I had rather not give an opinion upon that point. I may have some general knowledge, but I could not be very positive about the conditions.

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194. *Chairman.*]

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[Continued.]

194. *Chairman.*] Do you think you could obtain that information for the Committee?

I should be very glad to do so.

195. Lord *Rayleigh.*] Is there any other reason that you could suggest for the greater success of electric lighting on the Continent as compared with that obtained here; is there any difficulty of an engineering or economical character in our own case?

No, the only thing might possibly be that gas was very dear in some of those places that I have been mentioned; but electric lighting is so universal all over the Continent that I cannot help thinking that some more general cause exists. I happen to know from personal private knowledge of negotiations which are proceeding for several other central stations at places on the Continent, on a very considerable scale indeed. I will next support the statement which I have made, that in America where the engineering methods known to us in 1882 have been generally employed, the progress has been very great. I have not been able to make out a really complete list, or anything like it for America; it is quite impossible to do so; but I put an assistant to work to collect facts from the English journals, and the published accounts of central stations in America which have appeared in the public journals, and I have a list of places which I will read:—Adrian, Atlantic City, Baltimore, Bangor, Boston, Brockton, Brooklyn, Buffalo, Charlotte, Chicago, Cheyenne, Cincinnati, Cleveland, Crawfordville, Dallas, Davenport, Denver, Detroit, East Boston, Evanstown, Fargo, Flint, Fort Smith, Glen Falls, Great Rapids, Indianapolis, Kansas, La Fayette, Lowell, Manchester (N. H.), Meadville, Newark, New Orleans, New York, Ogden, Ohio, Omaha, Philadelphia, Providence, Portland, Rochester, Roselle, Salt Lake City, Santiago, Shelton, Springfield, San Jose, Utica, Waterbury, and Worcester. Collecting those facts as I have done, simply with regard to those that happened to be noticed as being in progress in the English journals, I have of course only a mere scrap of the evidence which ought to be forthcoming on this point. As a matter of fact we know perfectly well that there are central stations, not only in almost every important town in America, but in almost every small newly created town or village electric lighting is being introduced.

196. Can you give the Committee any idea of the scale upon which those stations in America are working?

I have placed against each place the number of lamps which are being supplied from the central stations, so far as I have been able to give them; and if it would be permissible, perhaps the best plan would be that I should hand in this Table, together with the Continental Table, showing the number of lamps supplied. (*The Tables are delivered in, see Appendix A.*) They extend up to 14,500 glow lamps in the case of New York, and there are something like 2,000 arc lamps in Chicago, besides all the glow lamps.

197. Lord *Rayleigh.*] Are you of opinion, comparing America with England, that the difficulty has been principally one of legislation?

Principally so, and partly also, undoubtedly, the cost of gas, which makes a difference in America; but the perfect freedom which there is there is most encouraging to the electric lighting industry; that was the idea of which I was firmly convinced when I was personally visiting the States.

198. *Chairman.*] May any set of private persons start a company in America to light a town?

It is a matter of arrangement with each State. I should think it is so, but I am not certain.

199. Lord *Rayleigh.*] That would be very useful information to us if you can give it us?

I will endeavour to do so.

200. *Chairman.*] You will hand in a statement of the law?

Yes, I will do so, for the Continent and for America.

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[Continued.]

201. If the comparison between America and England is to be of any value, we must know the state of the law in America?

I know there are none of the restrictions of the Electric Lighting Act in it.

202. Lord *Rayleigh*.] To return to England; you said you had given some attention to the subject, and had made an estimate of the probable cost of electric lighting in various districts in this country, are you in a position to give the Committee any definite information upon the subject?

After I had concluded the work which I had been engaged upon during several years, to which I had devoted a great deal of my attention, which was the problem of the distribution of electricity generally, the general result was to evolve certain definite rules according to which a central station must be established in order to do it with the greatest economy; after I had calculated the theoretical part of the work, it seemed to me that something more was required before I, as an engineer, could fairly say that it was right for people to take up the central station lighting on a large scale. Consequently, I felt it to be a necessary conclusion to this work of distribution, that I should select some district, and actually go into the laborious calculations for the size of the copper conductors, and the plans for laying them upon all the different systems which were possible. In order to do this, I selected the London club district in Pall Mall, St. James's-street, and St. James's-square. I made a list of 23 clubs, and applied to the secretaries in order to get information as to their present means and cost of illumination. From the answers that were forthcoming, I was able to make an approximate guess at the consumption of gas and the number of lights in the other clubs. I thus had a district given to me, as it were, to light, and I had to see whether it was economical to light it on one system, or on any of the different systems which were available. When using the parallel system, I proposed either to put a central station and engines and machinery in St. James's-square or else in Westminster; but in all the other systems I determined to put the central station in Westminster; as a matter of fact the building that I fixed upon as a very likely place for it was the Panorama in Westminster.

203. Lord *Bramwell*.] Close to St. James's Park?

Yes. My reason also for selecting the site in St. James's-square for the parallel system of distribution was this: that in that system the cost of copper conductors is very great indeed; and having to lead them over a considerable distance would increase the cost of the plant very largely, and it was worth while to work out the cost, using the very expensive site in St. James's-square for the engines and dynamos. The other systems to be explained were multiple mains; parallel series in its most economical form, and also parallel series with a maximum difference of potential of 200 volts between the house terminals; simple series, the use of secondary generators and secondary batteries: altogether that makes eight separate systems, requiring to be calculated out, and except, perhaps, in the case of secondary batteries, all the others were within the practical conditions required for such an installation; that is to say, the economy according to many of these systems would be sufficient to enable me as engineer to recommend personally the expenditure of money upon such a plant. I may mention that these calculations have been very laborious, and have occupied myself and assistants one or two months with pretty hard work.

204. Lord *Rayleigh*.] You can conceive that a beginning might be made for electric lighting on a large scale in this country were it not for the legislative impediments of the Act of 1882?

I have no doubt of it.

205. Are you prepared to give the Committee evidence as to what amount of relaxation in the stringency of that Act is necessary in order to give a fair prospect of electric lighting becoming a practical thing?

Electric lighting, so far as I can see from an engineering point of view, can be made a practical thing if people are allowed to put money into the electric lighting,

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[ *Continued.* ]

lighting, and get a return from it ; but if they are to give a bonus in any form to the local authorities, I should not be inclined to say that it was practicable.

206. There is no great margin, and though unimpeded electric lighting might become a practical success, yet there is no such margin that success would be likely to be obtained in spite of legislative obstacles of any kind ?

No ; the margin is very close indeed. In some cases the undertakers would have to depend upon its being looked upon as a great luxury, and their being able to get a higher price for the more valuable commodity.

207. Electric light would be worth more in proportion to its candle power than other light ?

Yes, undoubtedly, because it has no deterrent influences ; it has none of the objectionable features of gas, and is a great saving to housekeepers in other important items. For example, it does not produce smoke and dirt, and it has very little heat ; it does not vitiate the air that we breathe ; it does not deteriorate decorations, and in that item alone the saving is very great indeed, and must be considered when we are looking at the question of electric lighting.

208. I understand that it is necessary to take those into account in order to make out a fair case in favour of electric lighting ?

In some cases it is ; but I believe that electric lighting can compete fairly in cost with gas in some selected districts. At the same time, the electric lighting industry in any attempt at competition with gas would be very much handicapped by its being a rising industry ; and the gas companies might well afford to reduce their prices so much as to be making very small profits to get rid of a troublesome rival.

209. Is there any other point that you would desire to bring before the Committee ?

I should like to speak of what the effect of the introduction of improvements might be upon the company.

210. *Chairman.*] Improvements in what do you refer to ?

Improvements in the means of electric lighting ; it is possible to conceive that there may be improvements introduced in electric lighting, and it is perfectly easy to foresee the probable directions in which the improvements would take place, and it has struck me forcibly that one part of the Electric Lighting Act of 1882 would have a most seriously injurious effect upon the introduction of improvements in electric lighting plant. I allude not so much to the right that the local authority have of buying up the undertaking at the end of 21 years as to the further right that they have of making a revision every seven years afterwards. It seems to me that there are most serious objections from an engineering point of view to anything of that sort. It is quite possible that a company might be for 20, 30, or 40 years in the condition of having a sword held over its head, every seven years of being bought up. Supposing during all those years there were some improvements which might be introduced which would greatly benefit the consumer, but which the company have hitherto been able to do without, I cannot conceive that they would be inclined to introduce these improvements if they were not to get the benefit of all that they had expended in the past as well as what they were then expending. I think that it might hamper the introduction of improvements very seriously, the maintaining of any such clause as that seven years' clause in the Electric Lighting Act of 1882.

211. *Lord Wigan.*] I should like to ask you with regard to what you said a minute ago, that you thought that the electric lighting companies could compete with gas in some selected districts ; was that your answer ?

I did say so.

212. But they would not be able to compete with gas all round ?  
Not in the matter of economy alone.

213. Then you would not accept the powers which the gas companies have, provided you had to assume the whole of their responsibilities ?

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[Continued.]

All I say is, that it is a simple matter of price; and I also said that, in giving electric light, you are not simply giving so many candles, but giving something in addition that the gas companies do not give. That would be an equivalent for the additional price in cases where an additional price was necessary.

214. Would you supply at two different prices in one concession?

No, I should say not.

215. But you say that you could not compete with gas except in selected places?

In selected towns. Let me give an example. I know places in Great Britain, where you pay 7 s. 6 d. per thousand cubic feet for gas; there are others where you pay even higher than that, in any one of those places an Electric Lighting Company would be perfectly certain of paying its way quite well. But take the case of London, not only is gas very cheap in London, but coals are very dear, and power is very dear, therefore there we have an exceptional case. Then again the central station might be started to supply a certain district which was unusually favourable, which had a very large number of working hours at night, and a very large consumption; and I may mention that in electric lighting work the greater the number of hours the lighting is required in the year, the greater is the economy, and this in a very important degree indeed. If the number of hours were as 1,000 to 3,000, I should say the difference in price per unit of light would be very little more than half in the latter case.

216. Earl *Couper*.] I should like to ask you your opinion with regard to the advantage or disadvantage in itself of the local authority carrying on the business of electric lighting, compared with its being done by a private company?

I hardly know that I am very competent to give an opinion upon the matter.

217. Of course in itself it would be an advantage that the dividends should go into the pockets of the ratepayers instead of into the pockets of a private company?

I can only speak as an engineer. I cannot speak in the interests of electric companies. I ought to have mentioned at the beginning that I am in no way pecuniarily interested in any companies.

218. I understood you to say before that you did not contemplate that gas would be universally superseded by electric lighting?

I do not think it at all likely, and I think we shall find that the utmost that will take place is, that gas will sometimes be relegated to cooking purposes, and heating purposes, but that will not be for a long time. I think gas as an illuminant will for a long time maintain its way with electricity.

219. Lord *Bramwell*.] You mentioned the figures of 1,000 and 3,000, and said that the price of the gas would be half, where the supply was for 3,000?

Yes, where the supply was for 3,000 the price would be half.

220. Is the spot you mentioned, including the clubs, a favourable district?

It is favourable in the number of hours; it is favourable for London I may say.

221. Would a poor neighbourhood, such as Bethnal Green, be a favourable place for electric lighting?

I am not well acquainted with Bethnal Green.

222. They are small houses there?

Can your Lordship tell me if they use much gas?

223. I cannot tell you that; I do not think in Lord Rayleigh's Bill, taken in connection with the other Act of 1882, or in any other way, the price to be charged to the consumer is fixed?

No.

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[Continued.]

224. In your calculation you have put down the price which you think the consumers would be willing to pay?

I have.

225. Taking the necessary quantity of lighting for a club, does it, for mere cheapness, compare with the expense of gas lighting for the same club, or would the electric lighting be any dearer?

In connection with these clubs, I may say that the general result arrived at is that if these clubs were to combine, as I believe in all probability they may, to have a co-operative supply association for electricity, they would then pay a little less for all the expenses connected with it.

226. That is to say, less than they pay at present for gas?

Yes.

227. Besides the collateral advantages that you mentioned, of no injurious effect?

Yes, as to the decorations and the heating of rooms.

228. Taking the price you put down, do you think the capital could be invested at a profit?

I am sure the capital could be invested largely at a profit in this country.

229. Is it fair to ask you what dividend your prices would allow for the undertakers?

I am completely in the hands of the Committee, if they wish me to go into the complete details I will be glad to do so; but having worked out these calculations at considerable expense and time, I would rather not publish all the details.

230. Now with regard to the lighting of the Grosvenor Gallery, is it a company that works that?

I believe it is a limited liability company.

231. Can you say whether it is a success; does it pay?

I have not the means, directly, of saying that.

232. Lord Houghton.] Have you read the Report of the Committee of 1882?

Yes.

233. It was stated there, was it not, that from a commercial point of view the electric lighting industry was still in quite an experimental stage; is it still so?

It is in a perfectly practical stage at the present moment.

234. You think that it is no longer in an experimental stage?

No; I do not think it is in at all an experimental stage at the present moment.

235. You think that it is no longer in an experimental stage?

No; I do not think it is at all in an experimental stage; I do not mean to say that we shall not learn a great deal more; we are learning every day in every case of large plant being put down, and we shall continue to learn; and undoubtedly, during the first stages of putting down large central stations in towns, we shall learn a very great deal indeed about enlarging plants, but that is not saying that it is in an experimental stage; it is completely in a practical stage at the present moment.

236. Would you be prepared to say what amount of capital would be fair to light a square mile of a given town on a given system?

Yes; I remember that there was an estimate given at the time.

237. There were several estimates given, and they were all different?

Yes; I did work the question out in a rough way the other day, but I have not the figures before me

238. But

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[Continued.]

238. But several great authorities, Sir Frederick Bramwell, Dr. Hopkinson, and others, gave variations of several hundred thousand ?

We are not now in the state of uncertainty that we were in then ; I am sure that two competent engineers working out the problem independently at the present moment would arrive at results very closely according with each other.

239. With regard to the selected districts, do you contemplate that in supplying electric light you shall be compelled to supply everybody in small quantities or merely supply as you choose ?

With regard to the selected district I was speaking of, the clubs, I was speaking of a co-operative supply association.

240. But you were not bound to supply in small quantities ?

No.

241. You would have to take the plums of the supply where the supply was regular and large ?

Yes.

242. You could not compete with gas if you had to supply everybody with half-a-dozen lamps ?

You could not in all parts of London.

243. Lord *Rayleigh*.] Could you supply lamps within 25 yards of your mains ?

The cost of your production of electricity will vary, and the cost of gas with which you have to compete will vary ; I limited my remarks to London and some other places.

244. Lord *Houghton*.] The question I wished you to answer was, whether you could supply any party with electric lighting upon exactly the same conditions as any gas company are bound to supply gas upon ?

I do not think so in London at the price of gas, but I think it could be done in other towns.

245. With regard to the option of purchase, you are of opinion that 42 years would not be a long enough time to return a profit on the lines of the Government Bill ?

No ; I do not think it would be long enough. I do not think it would be possible to recoup the outlay in that time.

246. Do you think that it would be some years, in any case, before such a concern under the most favourable circumstances would pay well ?

It would not be more years than the number of years required to attract customers. I do not think it ought to be more than a few years.

247. That is rather an important point, because, practically, if it began to pay 8 or 10 per cent. at once, it would be giving you 42 years' purchase ?

I do not think it is likely to pay 8 or 10 per cent from the first year.

248. Or for the first five years ?

I should think that for the first five years it would be in a progressive stage.

249. As regards the effect upon future improvements, and the possibility of the purchase at the end of every seven years, have you remarked that the term is 10 years in the Government Bill, though that would not seriously affect the argument ?

Ten years would have the same deterrent effect upon the introduction of improvements.

250. As it stands at present, the local authority would buy at the end of 42 years, and at the end of every subsequent 10 years ; supposing instead of every subsequent 10 years, you said every subsequent 42 years, would not the local authority be upon the safe side, and always try to purchase at the first term ?

I should think so.

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251. Lord

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[Continued.]

251. Lord *Lingen*.] Would there be any material difference to observe between house lighting and street lighting?

Yes; different systems would be employed.

252. I was rather pointing to this: Supposing that a company had a right to light the streets in a new quarter of a town, or in new streets that were being formed, they would reach a point, would they not, when it would make them independent of the house lighting. They can light the streets as cheaply as the gas companies light them?

Yes, I think at as cheap a rate if you take a larger supply of light.

253. And would they, on that expenditure, within any reasonable limits, be able to live by it only, supposing that house lighting progressed very slowly?

It would be a small company; but a great number of the central stations which I have spoken of as existing in Europe and America, exist solely upon the lighting of streets, or almost entirely.

254. Do those companies light the streets for the municipalities?

Yes; generally under a contract.

255. Would the same central works serve both for street lighting and house lighting?

Yes; very likely there might be some additional machinery, and some modification in the machinery.

256. At the central station?

Yes.

257. Where you have water motive power, you could work so much cheaper?

In that case the economy is very great indeed.

258. Therefore, in some towns in England it could be worked much more cheaply than in others?

Yes, that is a point that must be remembered.

259. Lord *Rayleigh*.] That is, provided the water power be within a very moderate distance?

We have systems of distribution, rendering us tolerably independent of distance; some of those systems which I examined would have shown almost the same economy if the central station had been 10 miles off.

260. *Chairman*.] You have read all these three Bills, have you not? I have.

261. Do you like any of them, or which of the three do you prefer? I prefer Lord Rayleigh's Bill.

262. Why do you prefer it?

Because I see there, that people would be investing money in a concern from which they would get the full benefit; a young industry is not one which can generally flourish without the full benefits.

263. But, as you say, you think it is an improving industry? No doubt, all industries are improving.

264. Let us take this particular one; is this electric lighting an improving industry?

There have been improvements.

265. Is the cost of electric lighting much lower than it was in 1882? Very little.

266. Do you think it is likely to become much cheaper?

No; there is only one important item that may possibly diminish the price, that is the actual cost of the lamps themselves; the cost of electricity will not seriously diminish; we can hardly expect it when we know that the machines producing

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[Continued.]

producing electricity are converting something over 90 per cent. of mechanical power into electricity; we cannot expect a very great improvement in that way.

267. So that you do not expect it to get appreciably cheaper?

No.

268. You told the Committee that electric lighting is very much less widely extended here than it is abroad; and you gave us as one of the reasons the state of legislation in this country; do you think that that is the main impediment?

I think at the present moment it is.

269. Do you think that it is the only impediment?

I think it is the only impediment; I can think of none other.

270. Have you any idea of the relative cost of electric lighting here and abroad at the present time; are the conditions more favourable as a rule in England than abroad?

I do not think that there is anything to choose between them, excepting that in Italy they have used water-power very largely.

271. Is there any distinction that you know of, except the question of legislation?

I do not know of anything else.

272. You said just now, that we might expect considerable improvements in the system of lighting?

I said that we should be continually improving; that we should be learning continually with every large installation that was put down.

273. With reference to this Bill of Lord Rayleigh's, he proposes to introduce the method of the sliding scale based upon the price of the electrical unit; can you fix the price for the electrical unit at this moment?

It could be fixed very well.

274. Should you have fixed it at the same price in 1882?

I think so. Very nearly the same if I had gone through the same labour of calculation which I have gone through in these calculations.

275. I infer from your previous answers, that you think there will not be much difference hereafter in the cost of the electrical unit as compared with now?

The only important difference that I look forward to is in the cost of the lamps.

276. Lord *Houghton*.] You spoke of the price of coal, would that very seriously modify the cost of production?

Yes, very seriously.

277. A coal famine like that of 1873 would enormously increase the cost?

Yes.

278. Lord *Bramwell*.] Coal is not likely to get cheaper, is it.

No, I am afraid not.

The Witness is directed to withdraw.

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MR. ROOKES E. CROMPTON, is called in ; and Examined, as follows :

279. Lord *Rayleigh*.] You are an Electrical Engineer, and a partner in the firm of Crompton and Company, Electric Light Engineers and Contractors ?

Yes.

280. I believe you have been engaged in the construction of electric light machinery since the year 1878 ?

Yes.

281. And you are generally conversant with what has been done in these matters during the years that have elapsed since then ?

Yes ; my firm is largely engaged in electric light undertakings.

282. I think it would be of advantage to the Committee if you would give them your experience as Chairman of the Association to supply from the Central Station at the Victoria Station to the Victoria District ?

I must first explain that I am Chairman of the Association for supplying Birmingham, and not Victoria. I was engineer of the Edison-Swan Company, and designed the installation which was intended to carry out the Victoria Provisional Order under the Electric Lighting Act, 1882. I must say that we commenced operations at Victoria Station after the passing of the Act, but before we obtained the Provisional Order finally. We commenced spending money in the generating station which is on private ground, and which did not require the power conferred by the Provisional Order, before we finally knew what the terms of the Provisional Order were. We eventually obtained the Provisional Order under the terms of the Act, and with such additions as were enforced by the Board of Trade, which were given in the form of the model Provisional Order, which really were the conditions under which the Board of Trade allowed the Provisional Order to be given. The Act, and the Provisional Order embodying it, were considered so onerous, that although we had spent 16,000 *l.* upon the generating station itself, my directors would not allow us to spend any money upon the laying of mains into the streets, or, in fact, to taking up the Order in any form whatever, either in making ourselves liable for the pains and penalties of the Order, or in putting in our plant under the Act, so that it could be subject to the 27th Clause.

283. So that the 16,000 *l.* has remained unproductive ?

The 16,000 *l.* has remained unproductive, so far that a certain portion of it only is used for lighting the railway station itself, which is private property.

284. Can you give the Committee the reasons actuating the decision not to proceed further in the matter ?

I myself, as engineer, was naturally anxious to go on, but I was completely overruled by my directors. The directors put the matter before the principal shareholders, and it was decided that the call should not be made, which was required for the supply of capital enough to lay the mains down in the streets ; that the terms of the Provisional Order were not good enough, and did not give sufficient security for the capital.

285. You say that the terms of the Provisional Order were not good enough ; does that apply specially to that particular Provisional Order ?

All the Provisional Orders were alike, with minute alterations ; but I am referring more particularly to the purchase option clause, which is the same as the Act of 1882.

286. The Provisional Order is governed by the Act of 1882 ?

It is inserted in the Provisional Order.

287. *Chairman*.] Was it the compulsory purchase, the form of purchase, or something else, which stopped you from going on ?

Entirely

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[Continued.]

Entirely the terms of purchase, what I call the purchase option clause, Clause 27.

288. Lord *Methuen*.] Does that expenditure of 16,000 *l.* light the whole of the station?

If it had been for lighting the station only, about 2,000 *l.* would have been sufficient; but the 16,000 *l.* was entirely expended upon plant and buildings sufficient for lighting 8,000 or 9,000 lamps in the district surrounding Victoria Station, Buckingham Palace-road, down the Belgrave-road, and in Eccleston-square and Warwick-square, and on the other side to Grosvenor-gardens, and that district.

289. Lord *Rayleigh*.] So that rather than come under the provisions of the Act of 1882, the company decided to postpone any advantage from the difference between 16,000 *l.*, and the 2,000 *l.* which would have been sufficient?

Yes; they also sunk the money spent in obtaining the Provisional Order, which was considerable.

290. I believe there is another case with which you have been connected, the Crompton Winfield Association, Birmingham?

The association was formed for the purpose of applying for Provisional Orders for lighting Birmingham and Edgbaston, and the surrounding districts of Walsall and Redditch; we obtained those three Orders; but the Birmingham Order had a peculiarity in it, the period named was shorter; instead of it being 21 years they were able to purchase at the end of 16 years as a going concern, but in spite of that we were unable to get the capital; and eventually we went for an Act to get the period extended, but we had to drop it, and did not carry it far enough, because we did not get capital enough to meet the expenses required for the second Act of Parliament; it was considered advisable to drop it, hoping that the legislative restrictions would be relaxed.

291. *Chairman*.] What has been the result to that company; is it still in existence?

It is still in existence to this extent, that all the bills have been paid for the Parliamentary applications, but that is all.

292. How was the company got up?

There was a firm, Winfield and Company, of Birmingham, and my own firm, Crompton and Company; we supplied the money; a few of us formed ourselves into a company, which would not have been extended into a large company until a larger capital was applied for. The capital for carrying on the preliminary operations of obtaining Parliamentary powers was supplied by ourselves.

293. You never applied to the public?

We never applied to the public. We went to the proper sources in order to apply to the public, that is to say, Mr. Nathaniel Lee, the chairman of the Birmingham Stock Exchange, took the matter in hand to procure the capital for us, and he was unable to do it; and the reasons he gave to us were that, in the first instance, the term of 16 years was too short, and, as I tell you, we were unable to obtain an extended period.

294. Then this particular undertaking is in this position, that it is a set of promoters who were not able to launch their company in consequence of, as you say, the Act of 1882?

That is so; the promoters consisted of two manufacturing firms.

295. I did not ask who they were; but the promoters were not able to launch their company because of the restrictions of the Act of 1882?

Yes.

296. Lord *Bramwell*.] Did you get in the terms that they were to purchase you as a going concern since the Act of 1882?

Yes.

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[Continued.]

297. Lord *Rayleigh*.] But with a reduction of the period to 16 years?  
Yes, from 21 years.

298. Are you clear upon the point that the impediment is the impossibility of raising capital upon those terms?

It was clearly represented to us by our brokers that that was the case.

299. You have had great experience in carrying out installations of various kinds; it would be an advantage to the Committee if you would mention one or two of the larger works which you have been concerned in, so that they may be able to judge of your experience in these matters?

I lighted the Law Courts; I supplied the machinery for a portion of Buckingham Palace; I am finishing the machinery for lighting the town of Vienna, and I have just finished the Tilbury Docks; and I have fixed upwards of 100,000 incandescent lights of one sort and another.

300. Have you had any experience abroad beyond that at Vienna?

No; curiously enough we had this experience at Vienna, that though we had manufactured the whole of the machinery, and everything was ready to commence, the municipality or governing body at Vienna have suddenly woke up to the fact that facilities are not given in England, and the Viennese are rather imitative, and they have suddenly disallowed, or partially rescinded, or thrown difficulties in the way of the original grant, and there is considerable trouble; and one of the reasons they give is that the English people are not giving facilities themselves, and they do not see why they should do so; that has only cropped up during the last few days.

301. *Chairman*.] Can you tell the Committee what the state of the law is in Austria?

I am the sub-contractor; the main contractors are the Imperial and Continental Gas Association; they are the contractors lighting Vienna with gas, and they have undertaken to light a certain portion with electricity; they entrusted the manufacture of the machinery to me. I believe the law is very simple; it is simply in the nature of a permit from the governing body of the municipality to lay mains in certain scheduled streets.

302. They first gave a concession, and now they have revoked it?

I believe it is so, on the grounds of a possible nuisance, not of the mains but the generating station; the generating station is near the Hungarian Minister's house, and he is under the impression that it will be a nuisance to him, and he has raised certain opposition which will have to be overcome.

303. Lord *Rayleigh*.] You have had great experience in carrying out these works, and you can give the Committee your opinion as to whether or not there is any difficulty of an engineering character in the way of extensive electric lighting on the house-to-house system?

There is no difficulty in the way of electric lighting in detached installations, that we know absolutely from the large number carried out; it is impossible to conceive any difficulty in multiplying one house by 10 or one house by 20, but it is possible that difficulties may crop up when you get to a very large job, though it is perfectly certain that we can carry out a very considerable number of house-to-house installations of groups of houses up to 70, 80, or 100 houses with great benefit to the users at a comparatively cheap rate; but I am not at all prepared to say that when we get experience of this house-to-house lighting we may not find difficulties crop up, I imagine they will, but it will not be on a moderate scale, when we get to do it upon a very large scale we shall find for the first two or three years that we shall have to introduce new arrangements to overcome the difficulties, but nothing has occurred since 1882 to show us that we could not have carried out in 1882 a large number of moderate sized house-to-house installations. We have carried out at Tilbury many private installations lighting 1,300 or 1,400 lights; what would be the difficulty of imagining that each shed at Tilbury was a separate house? There are 30 or 40 separate sheds lighted, the lights are turned off and on independently of each other without any knowledge of ours in the engine-house, and I think the thing is directly comparable.

304. I understand

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[Continued.]

304. I understand the impediment at present to the substantial advantages of the electric lighting is the financial difficulty?

That is the sole difficulty; there is no difficulty in finding capital if it is placed upon terms equal to that of gas. I believe that every financier that I have applied to has said, You will have a great struggle in future with gas; gas is in possession of the field, and no doubt you will be able to charge a price somewhat in excess of the present price of gas, and you will not thereby drive away your customers because your advantages are so great; but the gas companies being in possession, and finding that their output of gas is reduced by the introduction of electricity, will have it in their power to make a great reduction in the price, and will thereby offer an inducement to people to use the gas, therefore we do not know to what extent the competition of gas may lead us; we may find that it is a battle between us, and there will be the survival of the strongest. There is no doubt which will be the weakest; the new comer with a very small capital is certain to have to go to the wall. Under the circumstances, to handicap us by subjecting us to terms to which the gas companies are not subjected, is most unfair, and we have always that weak point whenever we go to a financial man to ask him to raise capital for us.

305. *Chairman.*] May I ask a question to clear up in my mind the meaning of your answer. You say you want terms equal to those given to the gas companies; do you mean by that the terms upon which gas companies were originally started, or do you mean terms which would give to you a profit equal or about equal to the profit which a person investing his money in gas companies at this moment would get?

I mean equal terms of profit, and equal fixity of tenure.

306. That is not an answer to my question. Do you wish to be put upon the terms upon which the gas companies originally started, or upon the terms on which a person investing in a gas company at this moment would stand?

At this moment I am accepting Lord Rayleigh's Bill, the sliding scale and auction clauses, which are the terms upon which most gas companies are working; the early gas companies had unlimited dividends.

307. *Lord Rayleigh.*] You think if the terms afforded to electric lighting are less favourable than that, they will have a very poor chance indeed of getting capital?

Yes.

308. That is one of the difficulties naturally inherent to every struggling industry?

There is a good deal of prejudice in it. I am an enthusiast in favour of electric lighting, and if I had capital I would bring it forward; but I cannot persuade a hardheaded financial man to bring capital forward for a scheme of mine, unless I can show him that there is a fair chance of making money.

309. Can you give the Committee an opinion as to what should be done in order to put electric lighting in the position that you speak of?

I much prefer your Lordship's Bill; there is no unfair advantage shown there; and as regards the monopoly that would be created, I for one cannot see that there is any monopoly. The electric lighting will be a second source of illumination; gas companies have not the full monopoly now, because you can introduce candles or petroleum; but when you introduce another sort of lighting in the shape of electric lighting, you still further reduce their monopoly, and certainly do not create a monopoly in lighting, for the electric light.

310. Your view is that those unfavourable to monopoly should strain a point in favour of electric lighting, because it would put the electric lighting into a position to compete with gas, and diminish the monopoly which now to a certain extent exists?

I say that the introduction of electric lighting instead of creating a monopoly will bring one to an end.

311. *Chairman.*] You say that you do not create a monopoly in lighting, but you create a monopoly in electric lighting.

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[Continued.]

I do not know that that is the case. It has never been supposed that there should not be power given to a second electric light company; if the first electric light company abused their power, the second electric light company may have the power to lay down mains; the objections urged against it in the case of the gas companies of perpetually taking up the streets, will not apply to an equal extent to the electric light companies.

312. You do not think that any electric light company, which got a Provisional Order, could plead a right of monopoly at all?

Certainly not.

313. The same thing has been said in the case of water companies, and you know that the water companies have pleaded that they have virtually a right of monopoly?

Is it a mere matter of the drafting of the Provisional Order.

314. Lord Rayleigh.] Do you think, in the nature of the case, that there would be any difficulty in allowing another company to compete, or that the disturbance of the streets would be so serious as to prevent it?

No; electric mains are much smaller than others, and I think electric mains will necessitate subways, in which case the disturbance would be reduced to nil.

315. What is your view of Bill No. 2, in which a period is prescribed, after which the local authority should have power of compulsory purchase as a going concern; do you think the difficulties of the case would be met satisfactorily in that way?

I have no objection to Bill No. 2, though I have always understood that there would be a strong feeling against Parliament granting such powers as those contained in Bill No. 2; but I should have no objection to it. I do not think it is so good for the public as Bill No. 1, and I think, as Mr. Gibbs said, that the interests of the two are the same, the public, the consumer and ourselves, the undertakers; the best for both of us is the best for one of us.

316. Chairman.] Bill No. 2 gives compulsory powers; Bill No. 1 does not. You say that you do not think Bill No. 2 is so good for the public; why do you say that?

Because the profits are not limited.

317. But compulsory purchase comes in?

Compulsory purchase comes in. Then I think other speakers before me have urged that towards the end of the period, whenever there is any sort of compulsory purchase put in, there would be a tendency to starve the undertaking towards the end of the period; fresh capital will not be brought in to introduce improved machinery, and so on.

318. Lord Rayleigh.] Would not it be a serious difficulty toward the last few years of any fixed period that the company would not feel in a position to improve and extend the enterprise in the way they would otherwise do if they were carrying it on in a way most advantageous to themselves and the public?

It is the logical outcome; you could not expect the directors to spend money on the outlying districts, or upon the improvement of machinery, when they knew that the things were to be taken over in a comparatively small period. It would also be very difficult for an arbitrator in that case to judge of the prospective values of such portions of the plant as had only been put down a very short time.

319. There is another point upon which I wish to ask you, as you have seen a good deal of the working of these things; that is as to the difficulty raised against Bill No. 1, and the precaution taken in the auction clauses in order to prevent the company watering its capital, and so obtaining a 10 per cent. dividend on capital greater than that originally embarked in the undertaking. Whether those provisions might not be evaded by originally raising a much larger nominal capital than it was intended actually to embark; would that be possible under the provisions of Bill No. 1?

I think

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I think not. I understand if Bill No. 1 becomes law, it will be still subject to the regulations of the Board of Trade, and in applying for the Provisional Order we shall have to follow some such course as heretofore; we must send in an estimate of the probable capital required, and we should not be allowed to fix our capital at a much larger sum; we may fix it at a sum allowing for contingencies in excess of the estimate, but no more.

320. It would not be practically possible to evade those clauses to any important extent?

No, I do not understand how it would.

321. Is there any other point which you wish to bring before the Committee?

I wish to say that one thing has been lost sight of; we have been talking of electric light the whole time; in my mind, and in the mind of many other engineers, it is only one portion of our duty in future; the undertakers probably, eventually, will get as much income from the transmission of power as from supplying the electric light; but the education of the public to use the power will be a much slower process, and probably the larger portion of our income which will come from power will be from the latter portion of our period of tenure, and I believe that that transmission of power is the most valuable thing, and the greatest public good that we contemplate; for this reason, that it is the only way in which we are likely to get an income out of the poor districts; we shall not get much income from lighting, but we shall get a good deal of income from supplying power for working small industries. If I had a station at Victoria, and I laid mains down in the Vauxhall Bridge-road, which is comparatively a poor neighbourhood, I might work hundreds of sewing and other machines down there in the day-time and so utilise my generating machinery; I could do it at a very low price, and the same machinery would be utilised at night for generating the current for lighting purposes; that point has not been strongly brought before the Committee, but it is a very important point; I think it would take a great many years to educate the people to use the power; but when once they have electricity laid into their houses the people I believe will soon use it.

322. *Chairman.*] Therefore the longer your term, the more valuable it will be?

The more valuable it will be.

323. *Lord Bramwell.*] With regard to monopoly, you will have a practical monopoly in this way; that the only way of competing with you will be to lay down another set of mains, and the probable profits of such a speculative thing will be so very small that people would not be inclined to spend double the necessary capital upon it?

We should practically have the monopoly of the production of electric lighting power so long as we behaved ourselves; but if we attempted to exhort too high prices or gave a bad service, I do not think we should have a monopoly; I think other people would be induced to lay mains alongside of us.

324. Monopoly is a good thing in one sense, it enables persons possessing it to supply the commodity cheaper than if persons were competing with them, because there is less capital employed in the whole matter than if there were competing capitals; is not that so?

I think so; I am not one who thinks it has acted badly in London as regards the Gas Act; there has been a great improvement both in the quality of the article and in the price of the gas, and it has worked well. I am a large user of gas for driving gas engines.

325. If it could have been foreseen, and an arrangement had been made that gas and water companies should never encroach upon each other's territory, they could have supplied their respective gas and water more cheaply than they can now?

I believe the capital of the Gaslight and Coke Company has been enormously enhanced by having to buy two sets of pipes in one street.

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[ *Continued.* ]

326. And the way to guard against that is to give a monopoly, but to prevent its abuse?

Yes.

327. Lord *Houghton*.] You were speaking just now of the difficulty of raising capital; do you ascribe the unwillingness to invest entirely to the terms of the Act, or do you think it is not partly caused by a doubt in the minds of speculators whether, under any circumstances, these concerns can pay for some years to come?

I am perfectly certain that the last portion of your question is not the case; that in many cases money would have been advanced to respectable contractors or undertakers, to carry on the works if the terms of the Act had been sufficiently favourable. I do not deny that there was much unwise speculation, and that that has acted as a deterrent that has made it additionally difficult for us to obtain capital.

328. Do you think that the 42 years' term would attract investors?

I can only say that I believe that first the 16 years for Birmingham, and 21 years for the London Provisional Orders, were not of sufficient length to enable us to get the capital that we required.

329. In the case of Birmingham it was a 16 years' concession, and sale very much under the terms of the Act?

It was something better than the terms of the Act:

330. The terms were the fair market value as a going concern, the local authority not being required to pay for obsolete plant, good-will, or compensation for prospective increase, or compulsory purchase.

That distinctly compensates them for profit up to date, which is a very great concession.

331. As regards the question of monopoly, without arguing whether monopoly is a good thing or not, you do admit that an electric light company, which has the run of the streets, would have practically a monopoly, and there would be an extreme difficulty in competing with them?

Yes, there would be extreme difficulty in competing with it.

332. Were you speaking of subways as a possible way of settling the question of competing companies?

I think the probability is that subways will be constructed in all new streets in any towns if electric light is laid on on a large scale; and that there will be no difficulty in putting two companies in the same street, if advisable to do so. In old streets it would be very expensive.

333. Have you any idea of what the cost would be of putting subways in the London streets?

The cost will be very great if it is to be made after the street is made; but if it is a case, as in Queen Victoria-street, of building the subway at the same time as the street was built, I do not think it enhances the cost of the street to any great extent.

334. The cost would be very large in the case of any existing street?

Yes; if made especially for the electric light mains only, but in Queen Victoria-street it was made to carry everything.

335. If put in an existing street, what would it cost?

I cannot say. I have not gone into it.

336. Would it be as much as 50,000 *l.* a mile?

I have not figured it out.

337. With regard to a question which Lord Rayleigh asked you about, what is termed watering capital, do you think that it is possible to fix at all the amount of capital required to light a given area?

Yes, it is very easy to fix the capital for a given area, provided that you know the number of lights that people will take; but it is very difficult if you do not know what your demand will be, so that when you apply for capital to light a certain

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certain district, you will have to a certain extent to estimate what the probable consumption will be over your first period of seven or eight years, and put down mains sufficient only for that quantity, and make your arrangements to increase your mains for a larger quantity at a later period. If you put down the full weight of copper required throughout the district at first, you would pay interest upon capital which would be unremunerative during the period that it was not used.

338. If you thought your business was likely to increase, if you were under the auction clauses, it would be to your interest to raise as large an amount of original capital as possible?

You could not pay a dividend if you had too large a capital.

339. You need not call up the whole amount of capital?

That is a mere question of drafting. I do not see why the Board of Trade, or whoever issues regulations with regard to these Bills, should not fix the capital in each case.

340. You would have the capital limited in each case?

Yes, for each area.

341. You think it is possible to do that?

I do not see the difficulty.

342. Has the knowledge of electricians been added to since 1882, because I find in the report for that year all scientific authorities, including yourself, gave very very different estimates for lighting a given area with a given number of lights?

There is not much difference. Mr. Spottiswoode was quite out of it, but Dr. Hopkinson and many others are very close to one another. Mr. Johnson was an American, and knew nothing of the then conditions; but, as a matter of fact, my estimate would stand very good at present if I made my mains as uneconomical as I put them at that time. I did not put enough copper into my estimate, or else my estimate would stand.

343. There has been some talk of the electrical unit; is it possible to fix a price for it?

I see no difficulty. I have been working out a scheme for a large co-operative society for electric lighting which is all on private ground, but which is to be paid for on co-operative principles, to be paid for by separate occupiers, the electricity being supplied from a central source, and I find that the price of 8 *d.* per unit would pay, and that was the price that was fixed in the four London Provisional Orders applied for by the Edison-Swan Company.

344. Would it be applicable to all systems?

No, I do not say so. That is applicable to a particular case. You can readily understand that if you have a suburban district with a number of villas placed a considerable distance apart, and only occupied for six months in the year, electricity would be comparatively expensive to them; the mains would be very costly in proportion to the number of lights used, and the number of hours per annum would be very small. Mr. Forbes has already stated the number of hours per annum as one of the ruling factors of the cost. There is one year's dead charges for capital; the salaries are fixed by the year; I mean by dead charges your sinking fund and your depreciation; the salaries of the manager and staff are all constant; and if you have only 1,000 hours' use per year, you get only a fourth of the income that you would have if you had 4,000 hours.

345. Professor Forbes, as I understand, distinctly stated that he could not promise to make it pay if he was obliged to supply in the way that the gas companies did; that it was only by supplying as he liked that he could make it pay; that he could not promise to supply a small number of lamps in the way he said; do you agree with that?

I do not say that I would agree with it, because I have never proposed to supply

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supply electric light as cheaply as gas; he referred, I think, to a direct comparison between the cost of electric lighting and the cost of gas.

346. Lord *Bramwell*.] I believe you were in the room when Mr. Cohen was examined; I do not know whether you remember his saying, supposing the thing were bought as a going concern, except that you ought to have used it a sufficient time for you to know with some certainty what it is worth; it did not matter whether it was 5, 10, or 20 years, or what the period was; do you remember that?

Yes.

347. Why was it that your folks of Birmingham were not content upon that footing with 16 years, because you see if it was a prosperous thing at the end of 16 years you would be paid the price of a prosperous thing?

If you look at the terms you will see that we have nothing for prospective profits, only for profits made up; the going concern was to be calculated upon the profits made up.

348. *Chairman*.] In other words, though the words "going concern" are used in the Act, the words of the Act do not mean a going concern as usually understood?

No.

349. Lord *Bramwell*.] "The local authority not being required to pay for obsolete plant, good-will, or compensation for prospective increase or compulsory purchase," it follows that as soon as you were making 5 per cent., though you have a prospect that in a few years you would make 10 per cent., you would be bought as a concern worth 5 per cent. only?

Yes.

350. It is not a going concern in the sense in which we have used it?

No.

351. Lord *Lingen*.] I understood you to say that you began your application not under the Act of 1882, but that you were overtaken, as it were, by the Act of 1882; was that so, or were you exempt from the Act of 1882?

I did not make myself clear. The Act was passed in 1882, but the Provisional Order was not obtained till the year afterwards under the Act; that conferred upon us power to break up streets. We commenced our generating station before we finally obtained our Provisional Order.

352. The Act of 1882 made a difference to your position, did it not?

No; we knew what the Act of 1882 would do, but we were not certain of the interpretation that would be put upon it in the Provisional Order.

353. I thought you went on to say that under that state of things, having spent 16,000 l., the directors of your company were not willing to go on with your undertaking?

No.

354. But you yourself, if they had followed your advice, would have gone on?

Yes, and it would have been very bad advice if I had given it; but engineers are usually sanguine, otherwise they would not carry on the works that they do carry on, I presume.

355. But still at the time you would have gone on?

Yes.

356. But you think now upon more mature reflection that you were wrong:

From what has occurred since I see that they were right.

357. Lord *Rayleigh*.] I am given to understand that the Provisional Order issued in 1883 did, as a matter of fact, limit the capital allowed to each company for a particular district; can you give the Committee any evidence about that, or is it within your recollection?

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[ *Continued.* ]

It is stated that "The undertakers within a period of six months after the commencement of this Order, and before exercising any of the powers by this Order conferred on them in relation to the execution of works, shall cause a sum of 100,000 *l.* to be appropriated as a separate capital for the purposes of the undertaking, such appropriation being affected by a special resolution setting aside a portion of the capital of the undertakers, and they shall also within the period aforesaid deposit or secure to the satisfaction of the Board of Trade a sum of 500 *l.* in respect of the said sum so appropriated as aforesaid."

358. It does practically amount to limiting new capital, does it not?

It appears to do so in this particular case. Our firm, the Crompton and Winfield Association, were going to light three towns, and had to set aside a certain portion of capital for each town. I have the other Provisional Order for London: "The undertakers for the purpose of this Order" (that is, the Victoria District Lighting Order) "are the Swan United Electric Light Company, Limited, being a company registered under the Companies Acts, 1862 to 1880, with limited liability, and having its registered office at No. 9, St. Mildred's court, in the City of London, and having its capital divided into 200,000 shares of 5*l.* each."

359. Lord *Houghton*.] With regard to Section 27, you said you did not know what construction would be put upon that section by the Provisional Order; but the Provisional Order cannot touch the meaning of the section; but it leaves it absolutely clear as it is. I do not therefore understand your answer?

In Birmingham they varied it, and we hoped against hope, that as there was a prospect of having the Order varied in one case we might get it varied in the other, and it was hoping against hope.

360. In your Provisional Order there was nothing inconsistent with the Act of 1882?

No.

361. *Chairman*.] You mentioned just now the electrical unit, and said that there would not be much difficulty in arriving at the cost, and you said you had made some calculations yourself, and you mentioned the sum of 8*d.* for it I think?

Yes.

362. That did not convey much idea to my mind; what does 8*d.* per electrical unit exactly mean?

It is equivalent to gas at 7*s.* per 1,000; it is more than double the cost of gas in London; this was a comparatively small installation.

363. Lord *Rayleigh*.] There are places, are there not, where gas is more than that?

Yes.

364. *Chairman*.] You say you arrived at the figure of 8*d.* for the electrical unit, by what mode of calculation did you arrive at that figure?

My mode of calculation has always been to calculate what my possible income would be first from a certain district; then to take my probable income, and then put an estimate for plant to supply a sufficient light for those houses, and then fix my price after ascertaining the working cost in such a manner as to allow me a fair profit.

365. Then am I right in saying that in mentioning the figure of 8*d.* per electrical unit you mean the price that would be fairly remunerative to you?

Yes.

366. And not the price of the production of the electric light?

No, it is the unit of price.

367. You were considering the point with reference to the question of profit to yourself, not with reference to the cost of production?

I was. I may say that I have gone into that question many times

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Mr. CROMPTON.

[Continued.]

for the London Provisional Orders, and the figures were filled in in 1883. Eightpence was our maximum allowed then, and since that time the cost of producing the current of electricity being somewhat less, the cost of the mains appears to be somewhat higher, and we shall have to supply some form of storage; one thing compensates for another, so that the price is nearly the same as we worked it out then.

368. Is it your experience that there has been much reduction in the distribution of electric light?

The reduction has not been very great, for this reason: that in every case already contemplated the undertaking has been on a comparatively small scale, so that the fixed charges which could not be reduced, *i.e.*, those for salaries, depreciation, rent, rates, &c., bear a high proportion to the cost of coal, water, and repairs of machinery, in which latter items cost has been materially reduced, so that in these small schemes the total reduction of cost has been small.

369. At about what per-centage should you put the cost of establishment charges and other things of that kind as compared with the articles themselves which are used in producing the electric light?

I could not tell you exactly. I think in a small establishment supplying 1,000 lights, the establishment charges are quite half of the net cost of production.

370. Will you kindly answer that question accurately, and put it in your evidence; it might be valuable to us?

I will do so. (*Vide* page 136.)

The Witness is directed to withdraw.

*Ordered*, That this Committee be adjourned to Wednesday next,  
at Eleven o'clock.

*Die Mercurii, 12<sup>o</sup> Maii, 1886.*

## LORDS PRESENT:

Earl COWPER.  
 Earl of CAMPERDOWN.  
 Lord ASHFORD.  
 Lord RAYLEIGH.  
 Lord WIGAN.

Lord METHUEN.  
 Lord HOUGHTON.  
 Lord WOLVERTON.  
 Lord BRAMWELL.  
 Lord LINGEN.

THE EARL OF CAMPERDOWN, IN THE CHAIR.

SIR FREDERICK JOSEPH BRAMWELL, F.R.S., called in ;  
 and Examined, as follows :

371. Lord *Ashford*.] It is totally unnecessary that I should begin by asking you any questions about your position, which is so well known to us all, and therefore you will perhaps forgive me if I omit to ask you questions upon that point?

There is one position of mine which may not be known to your Lordships, and which I should like at once to reveal ; and that is, that I am a shareholder in the Edison-Swan Company ; I think your Lordships ought to know that.

372-3. The main point which I want you to bring before the Committee is the change, if any, which has taken place in the position of electric lighting since 1882. You took very active part, did you not, in the transactions which preceded the Act of 1882 ?

Yes, I did.

374. Will you kindly give the Committee a general sketch of the changes which have taken place in the condition of affairs since 1882 ?

I will endeavour to do so. As to whether I should confine myself to the United Kingdom, or should wander out of it, I am in your Lordships' hands. I think I should be disposed, as regards the changes, to say this, that there has undoubtedly been a much greater appreciation of the value of incandescent electric lighting since the year 1882 than prevailed before that year. During the four years, I think it is not too much to say that incandescent electric lighting has been better understood, and wherever understood has been appreciated, and to a considerable extent where places were of a magnitude to admit of it, it has been used. That is one of the things which I should say with reference to the alteration since 1882. I do not know how far your Lordships would like me to go into the question of the merits of incandescent electric lighting, as compared with arc lighting, or as compared with the ordinary illuminant, gas. This, which I hold in my hand, is the sort of fitting, although it is not quite the form in which it is made now, but this is one of the lamps which I saw made over in the United States in the year 1882 at Mr. Edison's factory. There is here an almost invisible filament of carbon which shakes about like a

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watch spring, which is heated to incandescence by the resistance which it offers to the passage of an electric current in a bulb exhausted to, they say, the millionth of an atmosphere by the mercury pump. It gives a light, therefore, which does not in any way consume the air of the room. There is no combustion going on of any air. If there were, that filament would be burnt up in a moment; therefore it does not consume any of the air of the room, and still less does it emit any noxious vapours, and in these respects it differs from any other illuminant. Your Lordship knows that in point of fact whatever lamp you use, not only is air needed for combustion, but it must give out products of combustion. In the case of gas those products, even with the best care of the gas maker, are in my mind so undesirable, that I never would think of using gas in a room in which I sat. These, I think, are the great advantages of electric lighting (there are minor advantages), and that those advantages are appreciated is established by this, that our large steamboats are now being constantly fitted with it, and all those who travel by them know the great comfort of being able to turn it up in a moment in the night when you want it. In a steamboat they have amongst their ordinary staff skilled engineers, and therefore the use of the electric light involves no addition to their staff; but when you come to places on land, such as the large hotels and clubs, they in adopting private installations (for there is at present no other means of electric supply to which they can resort), are put not only to the expense of establishing the plant, but to the further expense of having a special person to attend to the electric lighting. But, nevertheless, in spite of all these difficulties, electric lighting has made very large progress in England in isolated installations. That is one change which has been made in the condition of electric lighting since 1882. The other change that has been made is of a totally opposite character. I have talked of development, and now I have got to speak of extinction. I think I may say that since 1882 the prospects of a distribution of electricity from a central source, so that the customers may have it as they now have gas, have been absolutely stopped, and are at an end.

375. Would you give the Committee some information as to any mechanical improvements which have been made in the means of distributing electricity since 1882?

I do not know of any great improvements that have been made in the means of distribution since that date. Dr. Hopkinson devised an improvement, and my recollection is that he devised it at that time, 1882. I do not recollect any improvement since then.

376. If the state of electrical knowledge was such that in 1882 it was mechanically electrically possible to have electric lighting on a large scale, there must be some other reason, I presume, why electric lighting is not made greater use of in the country?

There is.

377. Would you kindly mention to what you attribute it?

I would say, and it is no use making any secret about it, that I attribute it entirely to the character of the Act of 1882, the amendment of which your Lordships are now considering.

378. *Chairman*] You know of no other cause?

I know of no other cause that would have prevented persons from embarking their capital in an undertaking of that kind, because I believe that if the districts are properly selected, there are plenty of places where electric light would be used by persons as a light of luxury. Persons who at the present day pay the price required for candle illumination or for lamp illumination rather than use gas in their sitting rooms, would, in my judgment, be perfectly willing to pay the price which would be needed to yield a fair return for an undertaking which supplied electric lighting.

379. *Lord Ashford.*] The Electric Lighting Act of 1882 embodied, did it not, the electrical knowledge which prevailed at the time; and I think you had a considerable share in the framing of that Act, did you not?

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No, I did not, indeed. I did all I could to oppose it. The frame that I would have given it would have been a very narrow one.

380. Lord *Methuen*.] Do not you think that the existence of so many different companies since 1882, and the animosity of one towards another, might have had something to do with retarding the progress of electric lighting?

I do not think that they ever were in competition; but nothing can be more instructive than a Board of Trade Return, showing that of all those various Orders that had been obtained in 1883, all but one has been abandoned. I am referring to a Board of Trade Return ordered by the House of Commons to be printed on the 7th of July 1885, No. 253. It says: "Since the date of the last Report, the Board of Trade have revoked the whole of the Provisional Orders (55 in number) granted to companies in the Session of 1883, with the exception of the Birmingham Order; the provisions of the Orders as to the appropriation and deposit of capital not having in any case been complied with." I think in that year (1885) there were two Orders only obtained, and two licenses.

381. *Chairman*.] Has any return been made in the year 1886 as to that?

Not so far as I know. Seeing that this was printed in July 1885, I presume that the corresponding return has not been made for this year.

382. Lord *Ashford*.] In point of fact, the Act of 1882 assumed such a form as to prevent public installations of electricity to any extent; but it has not prevented, has it, the light from being used as an article of luxury in private houses?

Yes, it has, in private houses, certainly. I am a man living in a house in a row, and I have no means of putting up an engine to work a dynamo, and perhaps if I did, my neighbour might complain of me, and even if he did not, I have not got room for it, and my servants would not understand the working of it. And the result of this deprivation of the distribution of electricity from a central source has been this, that an ordinary householder living in a London street, or an ordinary shopkeeper carrying on his business in a London street, is deprived of that light, which he sees by the examples of the clubs and the examples of the large hotels, is a light that people like when they can get it; and it acts so as absolutely to deprive an ordinary private man of the power of getting that light. It has deprived him of it in two ways. A company will not give it, for no one would be unwise enough to embark his money under the terms of an Order, thus, the capital cannot be got, and the corporations will not give it. Properly enough, they do not want to risk the money of the ratepayers in embarking on an industry. What I mean is, they say to themselves, We will wait till a company comes, and then under the terms of the 27th Section of the Act of 1882; if the thing is a success, we will buy them out for the value of the materials, and, therefore, we are not going to do it, and between the two the thing is not done.

383. In point of fact, does the Act of 1882 interpose any particular obstacle to installations for lighting private country houses?

No, certainly not. I presume that the time has not yet arrived when the Legislature will say what illuminant a man have in his own private house. No one knows how long it will be before a man is dictated to, but he is not at present.

384. Then, in point of fact, the introduction into private country houses of electricity is a question of outlay, and not a question of this particular Bill?

Yes; and of the taste of the owner.

385. Lord *Bramwell*.] You mentioned that there were two licenses, and two other concessions since 1883. Has anything been done under them, do you know?

Not so far as I know. I know there were two Orders; you will find them in this Return. One was the Fulham District Electric Lighting Order, and the name of the company the West Middlesex Electric Lighting Company, Limited,

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and the other was the St. James, St. Martin, and St. George, Hanover-square, (West London) Electric Lighting Order, and the name of the company was the West London Electric Lighting Company, Limited. Then, as to licenses. Your Lordships are aware that under the Act of 1882, there are two modes by which the lighting can be carried on in a district, Order and licenses; and there have been two licenses granted, one for Dalton-in-Furness, and the other for St. Austell; in the first case granted to a local board itself, and in the second case to a private individual.

386. Lord *Ashford*.] Do you know anything about the Colchester installation?

Yes, I do know something about it.

387. Will you tell the Committee whether it is under a license, or under what conditions?

It was under a license. I do not know whether I am at liberty to mention the conditions.

388. Will you tell the Committee what the difference is between a license and a Provisional Order?

The license is conferred under a power granted to a local authority to allow persons to come for seven years, and to carry on electric lighting. There is no compulsory purchase clause; but there is power for the local authority at the end of seven years to say, you shall not continue to light any longer; and therefore, although there is no compulsory purchase clause in terms, the persons who light under a license are more in the hands of the local authority than those who light under a Provisional Order. That was the case of a license. A Provisional Order when confirmed by Act of Parliament was an Act of Parliament.

389. *Chairman*.] Although the consent of the local authority was required in one case and not in the other?

That was so.

390. Lord *Ashford*.] Amongst the instances which you have adduced, I happen to know that Colchester has been lighted by electricity; and I want to ask under what circumstances, whether under a license or under a Provisional Order?

I do know that it was under a license.

391. It is the case that these questions about licenses were in consequence of the questions raised by my noble friend on my right. I was going on to another point; in fact, I was examining you upon another point which I have already touched upon, and that was the difficulties interposed by the Act of 1882, in the general development of electric lighting; and I would ask you whether, if the industry had, in your opinion, been fairly dealt with, the ordinary rule of supply and demand would have prevailed; and I would ask you does the Act of 1882 interfere unduly in that matter?

I believe that if the industry had been dealt with as other industries have been dealt with, the rules of demand and supply would have applied, that is to say, if there were a sufficient number of persons willing to pay for a light of luxury to have enabled a company to have been established and to earn a living, a company would have been established. No doubt it would have been uphill work getting a custom, because there is to be borne in mind that even where this light is to be used in sitting rooms, very many houses have those rooms furnished with gas fittings, and for a person to take the electric light and use it universally, he has to make up his mind to sacrifice the price of the gas fittings for which he has already paid, and which, as regards their pipes at all events, become useless, and has to pay for new electric fittings. It may be that the actual chandeliers and matters of that kind would be useful as brackets to support the electric lights, but at all events the householder has to undergo the expense of the fittings, and I believe that it would probably be a very considerable time before you would educate the public to understand that it was to their advantage, all things considered, taking their comfort into account

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and the preservation of their books and pictures and the cleanliness of the place, to pay this extra sum. But then, on the other hand, I have not the slightest doubt that sufficient customers would have been found, and if the companies could have gone on, they would have succeeded in London; and my authority for saying that it is clear that it would have been done is that which I have already mentioned, viz., that where a place is large enough to enable persons to make the light, although they have to go to all the cost and trouble required for a separate installation, they do it, and they find it to be an economy in the end. I may tell your Lordships that at the Athenæum general meeting on Monday, the meeting passed the report of the committee, of which committee I am a member, advising that the club should be lighted by electricity, and at the present time we have tenders for putting in a separate installation; this would involve our having two engines and an engineer, and all the other expenditure contingent upon the manufacture, an expenditure which would be unneeded if we could tap a wire in the roadway in the same way that we can tap a gas-pipe.

392. *Chairman.*] Could you give us any calculation as to what difference it would make in the cost of lighting in that particular case; would it double it?

No; we trust that it will not; we trust that it will be only some few hundred pounds more.

393. Do you mean the annual, or the first cost?

The first cost would be an absolute loss as it were, because the club is already fitted with other means of illumination; but the reason why the annual cost will not be doubled in this instance is, that so large a portion of the club is lighted by other illuminants, lamps for example. The coffee room, the morning room, the writing room, and the north library, are all lighted by lamps or candles, and it is when the cost of those illuminants are added to the cost of the gas that the total expense of the present lighting of the club mounts up. So that, if the gas, and those illuminants together, were to be replaced by electricity manufactured upon the premises as now proposed, the cost would not be very greatly in excess of that of the present mode of illumination; but this relation of cost would not obtain if we had contented ourselves with gas-lights all over the building.

394. *Lord Rayleigh.*] I think, in order to understand the significance of this example, the Committee ought to have some idea of the total expenditure now involved in lighting the club?

The total expenditure now involved in lighting the club is between 800 *l.* and 900 *l.* a year, on the average of years.

395. So that, of course, such a case as that would be wholly distinct from that of any ordinary private house?

Quite so. That is what I was endeavouring to explain, that although it would not be so very heavy an extra at the Athenæum Club, it would be a very heavy extra, say, at an hotel lighted with gas throughout.

396. *Lord Ashford.*] Recurring to the Act of 1882, to which I want rather to direct attention at this moment, is there any clause, except Section 27, which unduly interferes with the distribution of electricity?

I do not recollect that there is at the moment. I will not pledge myself to that, but according to my recollection there is not.

397. But that is the main point?

Yes, that is the main point; it is the point which has stopped it, no doubt.

398. I am aware that you do not quite agree with me in the matter, but may I ask you if you think that a mere extension of time, such as is contained in the Government Bill, would meet your objection to Clause 27?

No, it would not meet my objection upon two grounds: one, which I have already touched upon, is that I believe it would be impossible to attract capital to get the thing done; and the other is the broader ground of the expediency of making governing bodies into traders.

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399. We will separate those two points, if you please; will you take the first?

No. 3 Bill, as I have already stated, I think, leaves the Act of 1882 untouched, except in Section 27. I think I am stating it accurately; and that it proposes to alter that by extending the present maximum term of 21 years (I say maximum, because your Lordship knows that the Act of 1882 does not contemplate that in every case 21 years should be given; it simply is the maximum term that can be given by the Special Act). No. 3 Bill suggests that this term should be extended to 30 years, and it then suggests that by agreement with the local authority there should be a further 10 years or 12 years, I forget which. I do not gather when that agreement is to be made.

400. Lord *Houghton*.] I might remind you that in the House of Lords I stated that the Government would be prepared to recommend that in cases of local authorities objecting to the extension to 42 years, there should be an appeal to the Board of Trade, who would have the power of settling the question; so that I think we may practically say that it increases the term to 42 years, unless there is some very strong reason to the contrary?

I take what your Lordship says now, of course. I assume now, therefore, that what your Lordship asks me to consider is, whether an Act extending, we will say, practically the term from 21 years to 42 years, and another point which I have not touched upon, extending the recurrent periods of option from seven years to ten years, would be a remedy for the state of things which I contend has been brought about by the Act of 1882. In my judgment it would not; and I think I can give your Lordships a good reason for it. An electric lighting undertaking is one which must be gradually developed. If you make a dock, you make it at once; if you make a canal from Manchester to Liverpool, you make it at once, and there is a oneness in an undertaking of that kind; there is a oneness in an undertaking of a railway between two towns, A. and B.; the capital is practically called up within a few years during construction. It is true you may have branches, and you do have branches of railways, but they are the subject of separate Acts. But an electric lighting undertaking must be a very different undertaking; you cannot get the public to agree to take it up. It would only be by the embarking the smallest amount of capital that the obligation to wire certain streets would admit of their embarking, which would render it possible for the shareholders to obtain a dividend at the outset, because although, as I have said, I firmly believe that there is a sufficient market arising from persons wanting a light of luxury, there is no doubt that it would be an extremely slow and difficult process in this country to get the light appreciated. That being so, the capital would have to be called up by degrees; fresh capital would be wanted; fresh capital may be wanted after a lapse of a certain number of years; those years are eaten out, as it were, of the period of 42 years suggested by No. 3 Bill, and the men who are called upon to subscribe their capital at that more remote time, will find themselves practically in the same position as a man who, with the existing Act, is called upon to subscribe at once his capital upon a 21 year limit; that is to say, the extension of time in Bill No. 3 is a provision that does not lend itself to that which is eminently required for an electric lighting undertaking, and that is, the power of extension by further capital as people are educated to use the light and as the thing grows. Then with respect to these recurrent periods of seven years and 10 years, I wish to say it with all respect, but I cannot conceive how it could have entered into the mind of anybody, in framing that Act of 1882, that the recurrent period of seven years was of any utility at all. Imagine at the end of 21 years an undertaking paying 3 per cent., but showing prospects of increased percentage and of growth. The Corporation does not elect to purchase it; capital is wanted; you say to a man, come in and bring your capital; it cannot be bought for seven years, but at the end of seven years it may be bought for the price of the materials. Of course he will say, I will not bring my capital in. That seven years' period has always appeared to me the most absolutely illusory and extraordinary

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extraordinary proposition that ever was put into an Act of Parliament; and I do not see that that is bettered by being converted from seven years into 10 years. Nothing would better such a proposition of what I may call recurrent option, except such an interval of time as would induce a man to say, I will bring my capital in, for I see there is so much time left before the option can re-arise, that I may make a profit out of it in the meantime. What the Committee is asked to do, viz., to make the seven years' period into a 10 years' period, appears to me to be absolutely idle.

401. Lord *Ashford*.] I am anxious to concentrate your attention for a moment upon the proposal of the Government, which is an extension of time, pure and simple, without any other advantages?

I thought I had been dealing with that. The period of extension in No. 3 Bill is from 21 years to 42 years, and of the recurrent period from seven years to 10 years. I desire to point out that the 42 years' period is one that would prevent increased capital for developing the concern, and that the 10 years' period is certainly absolutely useless.

402. Passing away from that for the moment, I would ask you to tell me whether you yourself had not a great hand in preparing No. 1 Bill, and I would ask you whether the extension of time, coupled with a provision that at the end of the term the installation should be sold, if necessary, as a "going concern," would meet your objection?

That depends upon circumstances. I do not want any vagueness in the matter.

403. Have you any objection to say whether you had any hand in drawing No. 1 Bill?

I have no objection whatever. I had a very considerable hand in it. I ought to have asked Lord Rayleigh's permission, who has been good enough to bring the Bill in; but otherwise I have not the slightest objection to it.

404. First taking the Government Bill, and then taking next the Bill contained in No. 2, which is for an extension of time, with an additional advantage to the investor of selling his property, if necessary, at the end of the time as a "going concern," I was going to ask you with regard to that, whether that would meet your objections, and if not, why not?

In the first place I want a "going concern" thoroughly and clearly defined. I have had very large experience in the transfers of undertakings from companies to corporations, and I know very well the terms upon which those have been transferred, and in my judgment those have been equitable terms if a transfer is to take place. Whether a "going concern" will cover the mode of valuation that has prevailed, I am not sure. If it will, then I do not object to that mode of payment, if it is exercised after a proper interval.

405. Lord *Houghton*.] When you say it has prevailed, do you mean in the case of gas companies and water companies?

In the case of gas and water companies, when taken by corporations and by agreement, where the terms have been settled by arbitration, I have had very large experience in that matter, and I know the way in which these terms have been settled, and if a "going concern," as I understand it, covers that mode of settlement, then I am content if the thing is to be purchased. But now, if your Lordships will allow me, I would mention that in the year 1877 an Act was passed for throwing open to the free use of the public certain toll bridges within the metropolis, and I desire to call your Lordships' attention to this, that when it pleases purchasing bodies they know perfectly well how, if I may so put it, to buy upon revenue. It was well known that those toll bridges did not pay. Waterloo Bridge, for example, which with its approaches cost 1,000,000 *l.* sterling, was bought under this Act (I know of the facts, for I was engaged in the arbitration) for, speaking roundly from recollection, a sum of 350,000 *l.*, or between 300,000 *l.* and 400,000 *l.*, and it was purchased upon consideration of the revenue. It was agreed that the bridge could not be rebuilt at the present time for anything bordering upon that sum, because, as regards the

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condition of its superstructure, it was simply perfect. The foundations were assumed, owing to the removal of London Bridge, and the lowering of the bed of the river, to be in a somewhat precarious condition, and 30,000 £. was stated by the Metropolitan Board to be the cost of putting them in a state of safety. I was before the arbitrator when he awarded the sum to be paid. But I should like to call your Lordships' attention to the paragraph in Section 6 of that Act relating to the mode of ascertaining the value to be paid. "Provided that in estimating the consideration payable in respect of the undertaking of any company, due regard shall be had to the net annual value of the tolls payable and revenue arising in respect of the undertaking of such company previous to the 1st day of July 1877, to the construction and durability and present state of such bridge, the liability of the company to maintain the same, the probabilities of future profits out of the future expenditure in relation to the same, and special circumstances, if any, affecting the case." That was a mode of compensation which I think expresses clearly the mode in which compensation has been awarded to gas and water companies, when those undertakings have been acquired by agreement by corporations. I should say, sitting as an arbitrator, that a section of that kind would empower me to value the undertaking upon the terms upon which I know from experience they are practically valued. Whether the words "going concern" will equally empower me I do not know.

406. *Chairman.*] In short, your opinion is this, as I gather, that if the words "going concern" are used, they ought to be clearly defined in the Act?

Yes; unless some person of legal knowledge says that they are thoroughly and entirely understood, and that there is no doubt about them.

407. But the best way, following the Metropolitan Bridges Act, in order to prevent mistake, would be to define them in the Act?

Yes, assuming that it is possible to clearly define them. It appears to me that this section here very fairly does it.

408. *Lord Ashford.*] Lord Bramwell, at the last meeting of the Committee, suggested the following words as a definition of a "going concern": "A concern which was being carried on with a view to its continuance for the purpose of profit would be a going concern, would it not?" Have you seen that?

I have. That would be a going concern; but whether under that an arbitrator would feel at liberty to do that which in my judgment he ought to do, if he is to do justice between the parties, whether under that definition he would feel at liberty to take into consideration prospective profits, I do not know.

409. *Chairman.*] You think there is nothing like defining what you mean in an Act of Parliament?

Where it can be done, certainly.

410. And you would be content, you say, with a clause like that clause?

I do not like to pin myself to that; I should like to hand that Act to one of your Lordships' Committee, who has given a definition already of what a "going concern" is, and ask him whether he thinks it satisfies him. It is a matter for a learned lawyer rather than for me. It appears to me to be a fair definition.

411. *Lord Bramwell.*] I should say that no lawyer would interpret a "going concern" to mean everything I stated in this question; but I should say that any prudent legislator would take care that a lawyer should not have to interpret it?

Precisely so. I quite understand what your Lordship means.

412. *Lord Ashford.*] What I have been driving at is this extension of time, coupled with such words as would satisfy the definition of a "going concern." Would that, in your judgment, be sufficient to attract capital to electric undertakings?

I think it would, always supposing that the time is so remote that there would have been a fair opportunity for the undertaking to

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to have developed into a profitable undertaking, if ever it could develop. It is clear that if there were a power of compulsory purchase upon the terms of being paid for as a "going concern," and even if that expression were well defined even, then if the power to purchase were to arise in a very short time, that would not afford the data for an arbitrator to make his award upon, and therefore it requires, before the power arises, a sufficiently long time to enable the undertaking to prove by results whether it can succeed, or whether it cannot.

413. Does the 42 years, under all those assumptions which you have mentioned, fulfil the conditions which you speak of as a "going concern"?

I think so.

414. And you think that that would be enough?

Yes, I think that would be enough.

415. I gather then, that you are of opinion that there would be no difficulty, provided that "going concern" was accurately and properly defined, in getting capital for electric lighting undertakings for 42 years?

I think not; but I am not a financier. Of course that differs most widely from the terms of the purchase in Section 27 of the Act of 1882, which terms are retained in the Bill No. 3 now before your Lordships. Then I should like to call this to the attention of the Committee. I think I am not wrong in saying that is not very many years ago since copper was worth 90 *l.* a ton. I saw a quotation in the newspaper the other day giving about 46 *l.* Electric conductors are commonly made of copper, and if compensation is to be given, and if Section 27 of the existing Act is maintained, as regards terms of purchase, in the manner proposed by Bill No. 3, you are about to expose a shareholder to this amongst other things, that he may have laid out his money in copper conductors at 90 *l.* a ton, and may have to sell them at 46 *l.*, at the then market value of the day. I know you may tell me that the copper may have gone up. No doubt that is so, but, at the same time, I am clear that the proper mode of calculating the money value of an undertaking on compulsorily taking it, is a mode which should not involve considerations of variation in the value of materials. Besides that other difficulties would arise, for, as we know, there are a large number of expenses in matters of that kind which never could come back at all, such as Parliamentary expenses, advertising, getting the connection together, and all that kind of thing, the whole of which are unprovided for by the mode of purchase proposed in the Act of 1882, and in Bill No. 3.

416. Would not those objects be covered if the words "going concern" were properly defined?

Perhaps I am labouring it too much; but I am endeavouring to point out that there is a considerable difference between the proposition to purchase upon the value of materials, and the proposition to purchase, as the toll bridges were purchased, upon the question of income.

417. I am quite satisfied with the modified approval which you give to the Bill I have had the honour of introducing. Now, I will proceed to the one which you yourself are most interested in. I think you say that similar legislation to that which prevailed as regards the distribution of gas would be the most satisfactory solution of the question?

Yes, I think so.

418. May I ask you to give the Committee your reasons for that?

In the first place, I think it protects the public in a way in which I think the public ought to be protected. In the second place, it is free from what I believe to be the vicious principle of at any time giving compulsory powers to corporations and local governing bodies to become traders. And on these two grounds I prefer this Bill.

419. Would you mind keeping them separate?

I am afraid that if I keep the thing separate, one of two things may happen. I may forget it afterwards, or the Committee may say, we are tired of listening to you, and we have heard enough. I do not want, if the Committee will

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pardon me, to leave this Committee-room, without putting before the Committee my views upon the broad question as to corporate trading. Bill No 1 was framed, because, in the first place, of its intelligibility and fairness, which I think ought to commend it to a legislative assembly. After years of legislation in respect to gas companies legislation has been arrived at that I am prepared to show to this Committee has been beneficial to the public in a very high degree. All that the advocates of that new system of illumination ask you is, put us precisely on the same footing, neither better nor worse. We do not ask for any favour of any kind or description. What I want to point out to the Committee is, that if you put electric lighting upon a worse footing than you put gas lighting, you will be showing favour, not to electric lighting but to gas lighting. You cannot be free from favouritism unless you put both of these illuminants upon an equality; and having that in view, this Bill was prepared upon the broad footing of being dealt with exactly like gas in every particular, with every obligation of every kind towards the public, and every privilege towards the company; and for that reason it is that No. 1 Bill commends itself to me, irrespective of the question which I have been asked to leave out, namely, the consideration of the general question of corporate trading. Now the way in which the public are protected is this; it was found in gas legislation, that a mere maximum price, coupled with a maximum of profit, did not answer; that it was no incentive to improvement.

420. *Chairman.*] Coupled with a maximum and minimum, was it not?

No, not a minimum. I am not speaking of the existing gas legislation; I am speaking of the gas legislation of 10 or 15 years ago.

421. There was to be a maximum profit, and there is to be also a minimum profit, because the dividend was necessarily 10 per cent.?

Begging your Lordship's pardon, no, I think I am right. I should say that 10 per cent. was not the dividend, except in cases where there was no prescribed rate in the Act. The general Gas Lighting Act had this in it, that where no prescribed rate was mentioned, the prescribed rate should mean 10 per cent. But, as a matter of fact, of late years, large capitals have been raised at 7 per cent., and it is an extremely common thing to find the capital of a company (as, in truth, no doubt will happen in electric companies), composed of several classes of shares, probably the original shares subscribed 30 years ago at 10 per cent., and all succeeding capitals at reduced rates. What I was about to say was, that the original legislation was this: a maximum price, the company could not charge more than that, and a maximum profit; they could not divide more than that, even if their price would allow them. But that was found not to work. It was most clear that once the maximum dividends could be earned, there was no incentive to improvement at all; the company could get nothing by improving; and if they lowered their price of gas, and there came a coal famine, they could not raise it again without a great outcry. And so the sliding scale was invented. I believe that the sliding scale has been one of the most beneficial pieces of legislation which has ever been passed in relation to gas undertakings.

422. *Lord Rayleigh.*] Will you explain in a little more detail to the Committee the nature of that sliding scale?

It is this. Assuming the standard price for gas in a particular Act to be, say 3 s., and the maximum dividend to be 7 per cent., or 10 per cent., or whatever it may be, then if the company can lower the price of gas to 2 s. 11 d., and after lowering it to 2 s. 11 d. can succeed in making a profit which exceeds the maximum profit by a quarter per cent., they are at liberty to divide that quarter per cent. above their maximum profit; if they lower to 2 s. 10 d. they can divide half per cent. and so on; a quarter per cent. additional profit for each penny reduction. If on the other hand there comes a coal famine, and they have to charge above their standard price, which is now no longer the maximum, but the standard, then they are compelled to lower their dividends in the same ratio. The result

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of that has been to cause a vast improvement in the gas manufacture, and a general lowering of the price of gas.

423. *Chairman.*] And a general raising of the dividends?

Yes, and a general raising of the dividends, both for the profit of the consumers and of the company. People will not work without an incentive of some kind.

424. *Lord Ashford.*] I think you are of opinion that the new industry of electric lighting has rather been a sacrifice to gas?

I beg your Lordship's pardon. I have not mentioned one other fact with reference to gas legislation, which is this, namely, the auction clauses. The original capital provided in the Act is issued to the persons who are willing to incur the risk. When new capital is wanted it has to be acquired by putting up the shares to auction; and the result of it is this, that if Parliament has fixed too high a rate of dividend, having regard to the nature of the risk, it cures itself, where new capital is applied for, by the premium paid by the intending shareholder, that premium going to the capital of the concern, but bearing no interest; and therefore the public are secured that the capital will not have paid to it any higher rate of interest in the way of dividends than is commensurate with the risk of the undertaking. To my mind these two clauses effectually protect the public; they are in Lord Rayleigh's Bill, No. 1, and are not in Bill No. 2. That is one of the reasons why I prefer Bill No. 1.

425. *Lord Bramwell.*] Let me ask for an illustration. Say a gas company paying 6 per cent. has its shares at 120 *l.* premium. New capital sold by auction would realise on 100 *l.*, 120 *l.*; but the purchaser would only receive his dividend on 100 *l.*, which would be 6 per cent. on what he would have paid 120 *l.* for?

Precisely so. The capital of the company would be compounded in this way; so far as new capital is concerned, if it were 12,000 *l.*, 10,000 *l.* would be bearing dividend at 6 per cent., the remaining 2,000 *l.* being held by the company as capital, but it would bear no dividend at all.

426. *Lord Wigan.*] Would you say that those shares of the company are put up to auction, or is it actually to public tender?

It is a public tender; but it really is an auction. There are provisions for it in the Act, and I think it is stated in No. 1 Bill.

427. *Lord Ashford.*] I believe that you are of opinion that in framing the Act of 1882, the electric lighting industry was unduly weighted, as compared with the gas, and that this is rather due to the influence of the gas companies?

No, I do not think it was due to the influence of the gas companies. I believe it is a very different thing from that. I believe that the Electric Lighting Act of 1882 was framed to protect corporations who had embarked their ratepayers' money in gas undertakings, not the gas companies.

428. Will you be kind enough to turn to what I asked you to keep separate before; that is to say, the question about local bodies being traders. I think you entertain an objection to local bodies becoming, under any circumstances, purchasers of undertakings of this description?

Yes, I do. I object to their becoming traders in every article that I can think of except, possibly, one, and that is water. I know what the difficulties are; but with respect to water, one cannot very well imagine that it will ever be superseded by any other article for the same purpose. It is not an artificial matter to distribute. The fact of a governing body being in possession of a water undertaking is not a bar to improvement, except in a certain sense that I can point out; that is to say, a corporation possessed of a source of water which was no longer a desirable one, not liking to part with it, and incur further expenses, and so on. But that to my mind is a very different thing from a corporation trading in such a thing as a highly artificial

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illuminant like gas. When a corporation is a trader in a matter of that kind, it amounts to a bar to improvement. Obviously, I say, they have embarked their money in a trade, and they do not want to see a rival industry started, which may compete with them, and may, indeed, supersede them. If under the Act, of 1882, or under No. 3 Bill, the corporations and other governing bodies are to become the proprietors of electric lighting undertakings, again that will be a bar to improvement on electric lighting undertakings. Of course I do not know what that improvement is to be; if I did, I might be a long way towards the discovery of something very useful. But I will just suggest to your Lordships this; your Lordships know there is a luminous paint; a paint that you expose to the daylight, and then at night it gives out light. Is it too much to suppose that an improvement might take place to such an extent that that which is now little more than a toy, might in time become an absolute means of illumination? Imagine corporations with their money embarked in electric light undertaking, they would not view with any favour persons who came with improvements of a character which I am suggesting as possible, although not probable of course; and I think that the broad principle is one which is entirely against persons using the ratepayers' money to embark in trades, and run the risk of those trades, and when they find themselves opposed by something better using their power as governing bodies to prevent that something better coming into existence.

429. Your objection, then, as to the use of the rates by local bodies for purposes which might possibly be superseded, or could be with advantage superseded, but which under certain circumstances could not well be superseded?

Yes. I should like, if the Committee will pardon me, to speculate a little as to why local authorities are allowed to become traders, whether it is to supply the article more cheaply, or whether it is to make a profit. As a matter of fact, taking the gas industry, one knows the result has been the making of a profit, not supplying the article more cheaply as an average, and as a rule, but it is to make a profit, and I cannot see, if this be the aim, why corporations should be restricted to the gas industry or the electric lighting industry; I do not see why there should not be a town bakery or brewery worked by a corporation. I know it may be said that a town bakery or a town brewery does not require an Act of Parliament to take up streets, to lay pipes and mains, but if corporation trading is a desirable thing in itself, I cannot see why it should have to wait until some enterprise comes forward that requires an Act of Parliament for taking up the streets. If it is an undesirable thing, why allow a corporation to do that which is undesirable, merely because an Act of Parliament is needed to enable a company to carry out the industry. With respect to corporations making profits, I should like, if the Committee will allow me, to state what occurred with reference to a very well known transfer of a private industry to a corporation, namely, the Birmingham Gas. In the year 1875 the Corporation of Birmingham made arrangements with two companies that supplied Birmingham; one, the Birmingham Company, so far as I know, supplied Birmingham, or a part of it, and no other place at all, or if so, a very small part indeed, and that company may be dismissed from further consideration. The other company, the Staffordshire Company, supplied Birmingham, or parts of it, but it also supplied a very large outlying district, having a population which, according to my recollection, was about equal to that within the borough itself. When those agreements were made, the Birmingham Corporation, in the year 1875, came to Parliament to have them ratified by an Act to give them power to become gas undertakers. The population outside Birmingham which were supplied by the Staffordshire Company, and subjected to their own local governing bodies, said, "We do not choose to be under Birmingham who will make a profit out of us, which they are to spend upon their own town, and we should get nothing of it. I appeared before the Committee in support of those outsiders as against Birmingham, and the result was this, that the Birmingham Act contains a section, that if any of those governing bodies in the next Session

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of Parliament, or the next but one, I think it was (giving them two years), came to Parliament for powers to acquire their share of the late Staffordshire Company, the Birmingham Corporation were not to oppose the Preamble of the Bill, but only to oppose upon clauses. In the result the local bodies of West Bromwich, Oldbury, Tipton, and Smethwick, came to Parliament in the following year with Bills to obtain their share of the undertaking. I should say that in the Birmingham Act there was a most curious provision which might have worked very badly, and it was this, that if the Corporation and the other bodies could not agree as to the price, it was to be settled by arbitration; but the first arbitration was to determine the principle of valuation for all the other arbitrations. Fortunately all four bodies nominated the same arbitration, myself, and the Corporation nominated one arbitrator in all the four arbitrations, and the two arbitrators agreed upon one umpire in all the four arbitrations, and by that means we got rid of that which might have been a difficulty in working by getting the four arbitrations before one tribunal. The West Bromwich case was heard first; the umpire, Sir Henry Hunt, had to make an award, and he made it, and under the advice of Mr. Wills, who was our legal assessor, now Mr. Justice Wills, he purposely made it so that it could be contested. He was invited to do so, and he said that in a matter of that magnitude he ought to do it, and he did it. The award was appealed against, and the appeal was heard in the Queen's Bench Division, before Chief Justice Cockburn and Mr. Justice Mellor. The Birmingham Corporation contended that the arbitrators ought to value the share of the undertaking to be acquired by those local bodies upon the principle of capitalizing for a certain number of years' purchase the profits which the Birmingham Corporation could make out of the gas. And as I may tell your Lordships, what you are no doubt already aware of, it is the universal practice, so far as my experience goes, that directly a corporation becomes the proprietor of a gas undertaking all limitation of profit is removed. All the Acts that I can think of contain a clause to that effect; the Birmingham Act, for example; and, so far as my experience goes, it is the ordinary provision in any Corporation Gas Act: "The provisions of the Gasworks Clauses Act, 1847, incorporated with any of those Acts with respect to the amount of profit to be received by the undertakers when the gasworks are carried on for their benefit, shall not apply to the Corporation." I think I am right in saying that this is the universal form.

430. In fact, the Corporation takes itself out of the Act?

It takes itself out of the Act. There is no limitation at all upon the Corporation except the maximum price of gas. That being the condition of things, Birmingham said that the arbitrator ought to determine the value to be paid to them for the share of the undertaking to be acquired by those local bodies upon the bases of capitalising, at a certain number of years' purchase, the profits which the Birmingham Corporation could make, having regard to the fact that they had got rid of all limitation as to profits; and, therefore, it meant the profits that were capable of being made by charging the maximum charge.

431. And also the prospective profits?

Yes.

432. Lord *Bramwell*.] Of a "going concern"?

Yes, of a "going concern." The local authorities, on the other hand, all of whom appeared in the first arbitration to settle the principle, said, We ought to have our share based upon the capitalisation of the profits which could have been made by the company who were limited as to the profits which could have been made. As long as the company existed those persons outside Birmingham (there was no sliding scale in that case) were protected in two ways; that the Gas Company shall not charge anything more than the maximum price; that is protection No. 1. Protection No. 2 is that they should not divide more than a certain amount

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amount of profit; and that the accounts should be published, and all that sort of thing. If therefore, say 75 per cent. of the maximum price would yield to them their maximum profit, the Company could not charge more than the 75 per cent. of the maximum price, and that was a protection to the inhabitants of those districts. Directly the Corporation of Birmingham come in and put that clause or that section into their Act, exempting them from limitation of profit, then the only protection to the inhabitants within the district was the maximum price, because Birmingham might make as much profit as it liked. That being so, the inhabitants of the district said, "We object to the arbitrators valuing our share of the undertaking upon a capitalisation of the profit that can be made by the Birmingham Corporation who have no limit of profit other than the maximum price, and we claim to have our share of the undertaking valued upon the condition of things when the Company existed, who could not make more than a certain amount of profit." Well, the umpire framed, as I have said, his award in a manner which recites this, and if their Lordships will pardon me, I will read just that clause of the award. He had to determine the subject-matter of the purchase according to the Act, and also the price to be paid for it. He said, "The subject-matter of purchase is the portion within the district of the purchasing body (with any exceptions or modifications contained in the special Act) of the undertaking late of the Staffordshire Company as purchased by the Birmingham Corporation under the Act of 1875" (now come the important words) "unenhanced by advantages resulting from the purchase by the Corporation under the Act of 1875 of that undertaking, and of the undertaking of the Birmingham Gas Company, or either of them, or by the consequences attached by that Act to the purchase of the said undertakings, or either of them, together with any extensions and additions, the purchase whereof, or the payment for which is provided for by the special Act." That is to say, the umpire took the view of the purchasing bodies, and not the view of the Birmingham Corporation. Against that award, the Birmingham Corporation appealed to the Queen's Bench Division. It was argued before Chief Justice Cockburn, and Mr. Justice Mellor, and I should like to give the Committee some instances of what Chief Justice Cockburn thought of corporations making profits. "I have," he said, "not to speculate upon why the Corporation is allowed to do this, whether it is to sell the article cheaply, or whether it is to make profits.

433. *Chairman.*] Is this in his finding, or in the judgment?

In his judgment; part of it is in the judgment, but there are several paragraphs which lead up to it where he is putting questions to counsel. One contention by counsel was this, that as there was a provision in the Act as to what was to be done with the profits, it was clear that Parliament contemplated that profits might be made. Now, Chief Justice Cockburn disposes of that. He says, "You may imagine that you have reduced the price to such an extent that there will be no profit after you have paid all your various items of expenditure; nevertheless it may turn out that you have got 100*l.*, or 500*l.*, or 1,000 *l.* surplus after you have paid everything. You are not to spend that in festivities, or other modes of getting rid of the money, if there is a surplus you shall apply it to a given public purpose. It is not because the Legislature contemplates that you are to have a surplus that you are to make profits," and so Chief Justice Cockburn goes on for a considerable time; but now here is a paragraph in the judgment: "I cannot think that Parliament ever could have contemplated that a public body to whom they were entrusting these great powers, rights, and privileges, would use them with the view to commercial gain, or use them for any other purpose but that of the benefit of the public. Consequently, I assume that there should be no such thing as profit, except accidental profit, in the management of such an undertaking. The Corporation as a public body, distinguished from a private company, have not to make profit; they have to supply, both as regards quality and quantity, the

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the article to the consumer upon the cheapest terms upon which they can supply it. If it so happens that accidentally a profit is made, it is pointed out by the Act of Parliament in what way that profit shall be applied, but it cannot have been the intention of Parliament, and it cannot have been in the contemplation of Parliament, and it ought not to be in the contemplation of such a body as the Corporation of Birmingham, that they are to treat this as a commercial speculation, out of which they are to make profit for the benefit of the borough. What makes the thing more striking is, that whatever profit they make is not to be spent on the outlying districts from which the profit is made, but on the borough of Birmingham." There is much more to the same effect, but I think probably that shows very clearly what the view of the Chief Justice Cockburn was as regards the duty of corporations when they become traders.

434. Lord *Rayleigh*.] May I interpolate one question here. Would it be any answer to what you have just read as what the Lord Chief Justice said, to say that the gas consumer within the borough would obtain by a diminution of his rates the advantage of the profit reaped by the corporation?

No, I do not think that is an answer, even in the simple case where the district of supply is uniform with the area of the borough. Of course, there may be two cases. One is the case where the corporation district of supply is co-extensive with the area of the borough. The more complex case is that where the area of supply is more extensive than that of the borough.

435. That is the case of the Birmingham Corporation?

That is the case of the Birmingham Corporation, but I should like to answer your Lordship's question with regard to both states of the case. Supposing the simple case where the district of supply of the gas is the same as that of the borough, and suppose I am a small master carrying on some trade in a shop of low rental, and using a great deal of gas, I am paying a considerable price for my gas; not very far off there is a private family which prefers the light given by lamps and candles, and does not use gas at all, living in a house rated at two or three times the rate of my workshop; what satisfaction is it to me, the small operative, to know that although I am paying an inordinate price for gas, and may get some of it back for my small rated building, my neighbour who does not burn gas at all is getting a great deal of it back for his or her more largely rated building. To my mind, even in that simple case, the fact that the profit that is made goes in mitigation of rates, is not in all cases the means of giving a fair result to the consumer and non-consumer.

436. Lord *Houghton*.] But would not the average result be pretty fair, should not you say?

Yes, I daresay it might, but I cannot help feeling always that I am an individual, and it is no consolation to me to say, "You are very ill-used, it is true; but think of the average." I cannot think of the average, unless there is no means of bettering the thing. If the thing can be bettered, I do not like an average. If it cannot be bettered, I must put up with it.

437. Lord *Ashford*.] You do not think that justice can be averaged?

I do not think it can. Chief Justice Cockburn is correct. He says, make no profit at all, sell it at a price without profit; then the man who burns gas is not paying money to mitigate the rate of a man who may or may not burn gas. The case is far more complex and far worse when you get to the outlying districts, because there the inhabitants are made to pay the increased price of the gas and the profit on the gas goes entirely to the people within the borough, and you can well understand that those who happen to be in the borough are not particularly anxious to have the price of gas reduced, because a man there says to himself, I know that not only am I going to get my extra price back in rates on the average, but I am going to get the profit made out of these gentlemen outside the borough in mitigation of my rates too.

438. Lord *Bramwell*.] The man outside the borough contributes to the rates in the extra price of the gas which he burns?

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Yes. That is no merely imaginary thing. It happened in the case of these outlying districts at Birmingham, as I tell you, but it has happened since. It happened last year in the case of the local board of Mossley and the Corporation of Stalybridge; Mossley is now a corporation.

439. Lord *Ashford*.] All you have now been telling us points to the fact, as I understand it, that, in your opinion, under no instances whatever, and under no lapse of time whatever, ought local corporations to be allowed to step in and purchase electric lighting undertakings?

That is my opinion. Based upon the broad ground that directly you make corporations into traders in anything of an artificial character, such as gas, electric lighting, or anything of that kind, they are exposed to the ordinary vicissitudes of trade, a condition of things to which ratepayers' money should not be exposed, and that in order to protect the ratepayers' money, when improvement comes they are bound in the interest of the ratepayers to do all they can to oppose the introduction of the improvement.

440. Lord *Bramwell*.] I should like to put a question to you. I think this is a very complex matter, but as I recollect talking it over with you at the time it occurred, perhaps I may venture to say that I understand it. The course was this. The Corporation of Birmingham said we have bought a concern of which we can make a large profit, and you, the outlying district, ought to pay us upon the footing that it is worth that to us. The outlying district said, No; you have bought a concern, it is true; you can make a large profit out of it, because you are not limited in respect to your dividend in any way; but we ought not to pay you more than what its value was when it was in the hands of those from whom you bought it?

And who were limited as to price.

441. And who were limited as to price?

Yes.

442. And the Court of Queen's Bench held that the contention of the outlying people was right, because they said it is not to be taken that the corporation bought for the purposes of profit?

Quite so.

443. That is the long and short of it, is it not?

That is the long and short of it.

444. Earl *Cowper*.] I suppose, as a rule, it is exceptional where the works are intended for districts outside the borough itself, is it not?

No. I was about to give to your Lordships an instance of only last year, but I can give you one of this year.

445. In cases in which it does not extend beyond the limits of the borough, and where the consumers and ratepayers are virtually the same, then, being the same consumers in their capacity of ratepayers, they will be able to insist upon the corporation, which are really only their own servants, adopting the latest improvement if they chose to do so?

That is to say adopting electricity, for example, in lieu of gas.

446. Or whatever they find best?

I may take that, may I, as an illustration of what your Lordship is putting to me?

447. If it should prove to be the best, yes?

I do not know. The ratepayer says you have taken my money, and you have embarked it in the gas undertaking, and I am liable to pay the interest on that in perpetuity, whether you go on with the gas or whether you do not. I would rather have the bad illuminant than incur the extra cost of providing the plant to get the better illuminant. While I shall have to continue to pay rates upon the plant that you have embarked in for this worse illuminant.

448. Lord *Ashford*.] I was going to say this matter of whether the Corporation should be allowed to become traders is so very important to the Committee

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mittee, and strikes so vitally at more than one of the Bills before us, that I was going to ask you to give us some more illustrations, which I know you have in your mind, of the evils of allowing corporations to become traders?

In 1884 the Corporation of Stalybridge and the then local board, now the Corporation of Mossley, had entered into an agreement in the previous year with the Stalybridge Gas Company for the transfer of their undertaking. The Stalybridge Gas Company having come to Parliament for more capital, the Corporations withdrew their opposition to the Bill, on the undertaking of the Company to sell. There was inserted into that Bill a sliding scale. Last year the corporations came to obtain their Act of Parliament to ratify this agreement, and to transfer the powers of the Company to the Corporations. I have always refused to appear for any Corporation for compulsory purchase, and I always will. But these people having entered into an agreement, and the Company not being willing to ratify it, I did not object to appear for the Corporations in this case, but I was met with a petition of the gas consumers within the limits of supply but without the borough, and especially there was a large district containing more than 20,000 inhabitants, called Saddleworth, and Saddleworth complained most bitterly of the proposed transfer. Reading it shortly, they said by paragraphs of the Petition, that they were outside the borough of Mossley, that they consumed  $22\frac{1}{2}$  millions cubic feet per annum among them. Then by paragraph 13, they said, "The maximum price for gas to be supplied by the Local Board of Mossley, outside the district of that local board, that is to say, for gas to be supplied to your Petitioners, as set forth in and proposed to be sanctioned by Clause 13 of the Bill, in lieu of the standard price applicable to the same district, under the Stalybridge Gas Act, 1884, is altogether unwarrantable and excessive in amount, and is, in fact, going back to the legislation of 1855 instead of accepting the legislation of the last Session of Parliament." Then in paragraph 14 (after a certain statement which I do not think I need trouble your Lordships with) they say, "Moreover, by sub-section (F) and following sub-sections of the same clause (25), it is proposed to sanction the application of any ultimate balance of revenue, not to the reduction of the price of gas, but in augmentation of the Borough Fund of Stalybridge, and the General District Fund of the Local Board, to the great injury of your Petitioners and in defeasance of their rights." Then they go on to say that, "The Stalybridge Gas Company are now making a handsome profit while supplying your Petitioners at prices varying from 3 s. 2 d. to 3 s. 4 d. per 1,000 cubic feet, and the Promoters seek a maximum price of 5 s. 6 d., which they will have every motive for charging, and thus relieving their rates at the expense of your Petitioners." Then they say, in a portion of paragraph 16, "Moreover, judging from the Company's accounts for the year ending 30th June 1884, there is every reason to infer that after June next the Company will be able to supply your Petitioners with gas at a price not exceeding 3 s. per 1,000 feet, and, indeed, there is no limit to the possible reduction of price under the sliding scale which supplies the Company with the strongest motive for reduction. If, however, the Bill should pass, your Petitioners will be subject to a maximum price of 5 s. 6 d. per 1,000 cubic feet, and the motive will be all the other way, as already stated." Upon that, I said to these Corporations: To my mind this Petition is irresistible. There is not the slightest doubt that those persons outside the district of the Mossley Local Board, this large population of Saddleworth will be liable to be charged up to the very maximum, an enormous profit will be made, and that will go in mitigation of the borough rates of Mossley when it becomes a corporation. The result was (I think I may take the credit to myself) that I advised a sort of sliding scale for the corporation. I believe it is the only thing of the kind in existence. I said they might elect between calling me as a witness in support of the Bill with such a proposition in it, or not calling me at all, because to appear in support of the Bill as it stood in face of this Petition of Saddleworth, was impossible. I could not do it, and would not do it. Therefore, there is here in the Stalybridge and Mossley Gas Act of 1885, a semi-sliding scale for the protection of the various persons whom

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they were to supply with gas. First of all, there is a definition of the standard price as if it were a company. Then there is the provision. "In respect of any year in which the price charged by either corporation within their respective limits of supply shall have been below the standard price, a sum out of the profits of such year, not exceeding one-third of the difference between the amount actually charged for gas supplied by such corporation in such year and the amount which might have been charged for the gas so supplied by such corporation if charged for at the standard price, may be carried from the gas revenue, wholly or in part, at the option of the respective Corporation, to the credit of the borough fund, district fund, borough rate, general district rate, or other rate leviable by such Corporation, or otherwise applied for the public benefit of the inhabitants of their borough. And the remainder of such revenue shall be carried forward, and applied in aid of the gas revenue of such Corporation in the following year. But in any year in which in either district the Corporation supplying the same shall have charged at or above the standard price, such Corporation shall not be entitled to apply any money out of their gas revenue to any such fund or rate, or for the public benefit of the inhabitants in manner aforesaid. When at the commencement of any year the balance carried forward to the credit of gas revenue from all sources shall exceed in the case of Stalybridge 3,000 *l.*, or in the case of Mossley 2,000 *l.*, the Corporation of Stalybridge or the Corporation of Mossley, as the case may be, shall make such reduction in the price to be charged for gas in that year as shall, in the judgment of the Corporation, be calculated to reduce the balance to be carried forward at the end of that year below 3,000 *l.* or 2,000 *l.*, as the case may be."

Now, so far as I know, that is a solitary instance of an attempt to cure the danger arising from the gas supply being in the hands of the Corporation, supplying persons outside the borough, and applying the profits to the relief of the rates within the borough, and there, as you see, if they charge the standard price, they cannot apply any of the profits at all. If they charged, say, 3 *d.* below the standard price, and there would arise from that reduction of 3 *d.* a profit of 3,000 *l.*, then they may apply 1,000 *l.* to the borough rates, the other 2,000 *l.* having to go in mitigation of the price of gas, and in that way there was given to the Corporation an incentive to do what they could in the way of improving the manufacture of gas, and there was also given a protection to persons outside the borough, that all the profit that was made should not go in mitigation of the borough rates.

449. Lord *Bramwell*.] If that was applied to electricity, would it not remove your objection?

No, not at all.

450. It is making the best of a bad job, you think?

It is making the best of a bad job.

451. Lord *Rayleigh*.] Is it your argument that complications of that kind are inevitable whenever local authorities are allowed to act in this way?

No, it is not. It is so with the existing gas companies, but here in what we are now considering, the local authority is only allowed to acquire that portion of the electrical undertaking which is within its district, therefore that question would not arise.

452. Lord *Bramwell*.] Even in the case you put, of the non-consuming gas ratepayer, the ratepayer not consuming gas would profit by the diminution of his rates on account of the comparative high price of gas?

Yes, he would. A case has arisen this very year. I do not know whether I am right to mention it, because I know it may in a short time come before a Committee of your Lordships' House; it has already been in the other House, therefore perhaps I had better not allude to it; it is a similar case; without mentioning names, I may say there is this year a case of a corporation which has a gas supply external to the borough, and persons external to the borough are objecting on the grounds of those Saddleworth people.

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453. Lord *Ashford*.] I understand you to say, that though you would object to local bodies being traders in the case of gas and electricity, you would not so object in the case of water; but do not all these objections you have mentioned extend to water as well?

No.

454. The water is paid for, of course, out of the rates, just exactly in the same way as gas is paid for out of the rates; and what would be the objection against gas which does not equally extend to the case of water?

I think I can show your Lordship this. Water is paid for, not by the quantity consumed, except for manufacturing purposes, but by the rateable value of the houses. Water, as a matter of fact, is supplied to every house, and, therefore, if the ratepayer pays a higher rate for water than is needed, he gets back his proportion of it exactly in proportion, because he is charged upon his rates, and he gets back a mitigation of the rate. Now, gas being a thing that is paid for according to the quantity consumed, there is no necessary connection between the amount that is paid by the person for the gas that he burns in the course of the year, and the rateable value of his house.

455. If you say that local authorities ought not to be traders or purveyors of any particular article, I do not yet quite see why water is excepted from your condemnation?

I will give an illustration, if you will allow me. Imagines two men in a town, one living in a house of 20 *l.* rateable value, and the other a house of 100 *l.* rateable value, they are both supplied with water by the Corporation, the charge for water is based upon their rateable value, and I will assume that the 20 *l.* man pays 1 *l.* a year, and the 100 *l.* man pays 5 *l.* a year, and I will assume that there is a profit, we will say, of 5 *s.* in the pound made by the Corporation upon the water. The 20 *l.* man will get the benefit of that profit precisely in the proportion in which he contributed towards it; the 100 *l.* man will equally get the benefit of that profit precisely in the proportion in which he contributed towards it, and therefore there is not, as regards the question of the inequality of charges among the persons who live within the borough itself, that same question as regards the payment for an article which is paid for upon the rateable value, as there is when the article is paid for upon the quantity supplied. I do not know whether I have made myself clear.

456. May I take it then as your opinion that although you object to gas and electricity being supplied by corporations, you would except from that condemnation the supply of water?

I do not condemn it to the same extent, but there is the other element which I have not yet gone into, which to my mind is still more important, and that is this: I do not suppose that anybody suggests that at any time there will be something to supersede water. If, therefore, there never will be anything to supersede water, the fact of persons being owners of a water undertaking will not stand in the way of improvement. There is nothing artificial about it. But when persons are owners of an artificial trade, as it were, such as gas illumination, they may be met as they are now met at this time, and as they were met in 1882 with an opponent, in the shape of an electricity, and I say there-upon the fact of those persons being in possession of such an industry as gas lighting, caused them to do all they can to oppose the introduction of electricity, for the fear of losing that in which they had embarked their money, and that, as I believe, was at the root, and was the ground-work of the Act of 1882, which was passed to protect these persons who, according to my judgment, have been improperly made into traders.

457. Earl *Cowper*.] Was not that a little because electricity was in its infancy, and not well known; surely if the inhabitants of Birmingham very much prefer electricity to gas, they can put pressure upon their Corporation, and make them adopt it?

Pardon me, I do not think so. Let me put your Lordship into the position, if you will allow me to do so, of being the incarnation of the inhabitants of Birmingham

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Birmingham in one person ; you are a person who has embarked two millions of money in plant, in an undertaking for lighting the town of Birmingham, and the inhabitants of Birmingham come to you, and they say, "We should very much prefer electric lighting," you may say to them, "I am very sorry for you ; I wish you had found it out before I had embarked two millions of my money in a gas undertaking ; having done so, I prefer that you should continue to be lighted by gas, rather than by electricity." You, I think, would do all in your power to save your two millions of money ; it is in human nature ; and equally a corporation does all in its power to save its two millions of money.

458. Lord *Bramwell*.] The Corporation would say to the inhabitants, you do not know what a loss you are proposing that you should sustain ?

Yes, that is it.

459. And the inhabitants are one and the same, the Corporation is the mouthpiece ?

The Corporation cannot say to the persons who have advanced the money, "Gentlemen, we are going to pass a sponge through this debt, gas-lighting is about to be given up ; we have no revenue from the gas, and we do not intend to pay you out of the rates." They cannot do that ; they are burdened with that debt for ever.

460. Lord *Lingen*.] Is not the Corporation to a very large extent identical with the inhabitants ; they are not a permanent body, nor go on by their own appointment ; the inhabitants may change them from time to time ?

I think they are ; but what I was going to say was this : The Corporation will say to the inhabitants you are unwise, you do not know what you are doing ; we the Corporation, and you the inhabitants, are all one body, we have incurred the liability of two millions ; we have undertaken to pay persons who have lent us that money 80,000 *l.* a-year. At present we get that 80,000 *l.*, and more, out of our gas industry, and the balance we apply to the Corporation purposes ; but if you say that we have got to put down electrical lighting, we may have to spend another two millions for that ; we may have to incur another 80,000 *l.* a-year to pay the interest upon that two millions, and we have still got to pay the other 80,000 *l.* a-year. If that were so, I think the inhabitants of Birmingham would say, "Well, electric lighting may be a very nice thing, but as we have been foolish enough to enter into the condition of being traders in an illuminant, we would rather have the worse illuminant than incur the extra cost."

461. I quite see the force of that argument ; but I thought you were rather contrasting the inhabitants of Birmingham with the Corporation ?

I did not intend to do so.

462. Lord *Houghton*.] Would not that apply equally to the private supply of electric lighting. I mean they still have to pay the interest on the rates, and they will have to pay the cost of the electric lighting ?

It would apply to a private undertaking.

463. It is an excellent argument, from your point of view, against their having acquired the gas, but now that they have, I do not see that it affects the ratepayers one way or the other ?

That is precisely what I am endeavouring to explain. First, they would be in precisely the same position, and have to pay their 80,000 *l.* a year for the gas undertaking, whether the gas is used or not. If a private company were allowed to come and supply the town with electricity, and electricity were preferred, the revenue would cease, but the debt and its annual interest would remain ; that would not suit them, therefore the Corporation move all the powers that are to prevent private companies coming ; hence this Bill of 1882.

464. I am dealing with the facts as they are ; it does not very much alter the case ?

It appears to me to alter it, and most materially.

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465. Lord *Methuen*.] The Corporation would have to pay the two millions of money all the same?

Yes.

466. Lord *Bramwell*.] I think your meaning may be made clear in this way : Put an extreme case ; suppose the introduction of electric lighting compelled the abandonment of gas-lighting, the two million pounds would have been thrown away ?

Yes.

467. And in order that the two million pounds may not be thrown away, the Corporation, or the community, really has an interest in opposing it ?

That particular community.

468. That particular community ; the community that is supplied with the gas has an inducement to say, " Then we must put up with gas, in order that we may not waste the money we have paid " ?

Yes.

469. Lord *Houghton*.] If that were so, that would be fatal to a private company in that particular case, would it not ?

Certainly.

470. Lord *Bramwell*.] You do not want to protect companies ; a great many companies have entered upon unwise speculations, and they have to look out for themselves, but your suggestion is that a corporation should not pledge itself to any particular thing which would preclude its taking something better, or have the advantage of something better, as I understand you ?

Yes, that is my suggestion.

471. For instance, take a canal company ; nobody would have thought of saying you must not have a railway because a canal will be ruined ; that is not your argument ?

That is not my argument. My argument is that if a corporation had acquired a canal and then had opposed the introduction of a railway, it would be a parallel case to that which I say exists at present, as regards corporation gas and corporation electricity.

472. Lord *Rayleigh*.] Should you regard the fact that this difficulty has arisen as proof of the correctness of your view, that it would have been very much better if corporations had never been allowed to have anything to do with gas-lighting ?

I do ; and pursuing that, I say if by the provision of No. 3 Bill, you allow corporations compulsorily to acquire electric lighting, for anything you know (we are not at the end of human ingenuity and invention) there may come an improvement over electric lighting, and then precisely the same condition of things might arise.

473. Earl *Cowper*.] Then it is in the interests of the public and not of the company ?

In my opinion my contention is entirely in the interest of the public, because I say, directly you embark corporate funds in an artificial trade you then create a body of persons whose inevitable interest it is to oppose improvement, which might render the money embarked wasted.

474. Lord *Rayleigh*.] So that at the present moment the boroughs which had not invested the funds of its ratepayers in gas undertakings, would be much more likely to develop the electric lighting enterprise than one which has ?

No doubt. I have no doubt your Lordships will find that many corporations that have got gas undertakings have obtained orders for electric lighting ; but I think when the gentlemen who come before you come and tell you that, if you pursue your inquiry, you will find that nothing has been done upon those orders.

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475. Lord *Ashford*.] I have a note here of yours that says that making corporate bodies into traders is vicious, not only for the reasons already given, but because it bars improvement and diminishes the means of employing capital and drives it out of the country. Will you be kind enough to elucidate your meaning there?

I am glad your Lordship has asked me that question. I have no doubt that is so. As I have told your Lordships, I have had a very large experience for very many years in this question of the transfer of undertakings, and I know that the number of years' purchase of an income has risen steadily during the last 20 years, and it has risen I believe from this cause. Company undertakings that used to be a means of the employment of capital are now gradually being acquired by corporations; the means of the employment of capital safely become fewer and fewer each day, and the value therefore of an assured income is greater in years' purchase than it was before. The result is that persons with money do not know what to do with it safely, and they find themselves in the difficulty either of entering into doubtful limited companies, of which one sees so many wound up every day, or, as is the fact, they send their money out of the kingdom to embark it in safe undertakings elsewhere, and to rival ourselves in industries that are promoted by English capital. That I believe to be one of the results of handing matters of this kind into the hands of corporations.

476. It drives capital out of the country you think?

I believe it drives capital out of the country, seeking better investment.

477. Lord *Bramwell*.] Does a gas works in the hands of a corporation require less capital than if in the hands of a private company?

No, but it pays less interest.

478. Because it is a safer investment?

Because it is a safer investment; but people cannot live upon the interest, and go elsewhere to get something, practically, equally safe and greater in amount.

479. I think Consols have risen from somewhat the same consideration of things, have not they?

No doubt, and in consequence.

480. Lord *Ashford*.] I believe the Tramways Act of 1870 had considerable influence on the Act of 1882, had it not; would you compare the tramways' undertaking with the electric lighting undertaking, and show in what points they differ. I do not know whether you have anything to add to what you have already said?

Yes, there is one thing I should like to add, which is this; at the present time the country is depressed enough, that is quite certain; trade is wanting, and I say outlets for capital are wanting. If there were not such restrictions as there are in the Act of 1882, I believe a very considerable amount of money would, in the course of a few years, be embarked in the undertakings for the supply of electricity from central sources, and it occurs to me as very undesirable that there should be any legislation which stops such an outlet for capital, and such an employment of labour as that. With respect to the Tramways Act of 1870, that has been cited to me by a late President of the Board of Trade as being a precedent for the compulsory purchase of an undertaking upon the terms, practically, of Clause 27 of the Act of 1882. The section of the Tramways Act is Section 43, to begin with, and I may say to you shortly, that it provides that after 21 years there shall be the power of compulsory purchase, that the recurrent period shall be seven years, and that the payment shall be made upon the then value (exclusive of any allowance for past or future profits of the undertaking, or any compensation for compulsory sale or other consideration whatsoever), of the tramway, and all lands and buildings, works, material, and plant. No doubt, upon the face of it this appears to be a similar section to that which is to be found in the Act of 1882. I want to point out to your Lordships to begin with, that the local authority

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gives to the tramway company a large portion of the surface of the road as a place on which to lay its rails, and the tramway company when laying their rails are in the position of a person who chooses to build a house upon a 21 years' lease; but having regard to the fact of the shortness of the lease, there is a provision which does not obtain in the case of an ordinary house, and that is this, that there shall be repaid to the tramway companies, as I have said, at the end of the time the value of the then materials; but I wish to point out to you that the tramway industry is a totally different one from that of electric lighting. It requires no education of the public; the things that are laid down are really the only things that capital is expended upon except the plant, the carriages, which the local authority cannot acquire. Then there is this further provision, which makes a most important distinction, that is the provision of Section 19, which is, that when the tramway has been completed under the authority of a Provisional Order by any local authority, because it contemplates that the local authority may make a tramway in the outset, "or where any local authority has, under the provisions of the Act, acquired possession of any tramway"; now that applies to Section 43; "such authority may, with the consent of the Board of Trade, and subject to the provisions of this Act, by lease to be approved of by the Board of Trade, demise to any person, persons, corporation, or company, the right of user by such person, persons, corporation, or company, of the tramway, and of demanding and taking in respect of the same the tolls and charges authorised; or such authority may leave such tramway open to be used by the public, and may, in respect of such user, demand and take the tolls and charges authorised; but nothing in this Act contained shall authorise any local authority to place, or run carriages upon, such tramway, and to demand and take tolls and charges in respect of the use of such carriages."

481. Then I gather the Corporation is not allowed to work the tramway even though they purchase it?

It is not. It may let it. It may dedicate it to the free use of the public.

482. And in that it differs from electric lighting?

Yes.

483. Lord *Bramwell*.] Nor allowed to purchase the carriages, are they?

Not that I see at all.

484. Nor the houses?

No, I think not, but if they might they could not use them. I do not know what is comprised under the word "plant," that is why I answer somewhat hesitatingly.

485. Lord *Ashford*.] In point of fact it could not be worked to a profit in the way you have just indicated?

It could not; and there would be nothing to prevent the company who had enjoyed the tramway up to the time of the compulsory purchase from being the persons to offer themselves as the lessees with the very reasonable prospect that they would be taken, knowing more about it, and having everything ready.

486. Then, without anticipating what my noble friend on my left will do, it may be possible that in support of a Government Bill it will be alleged that in the case of tramways such a clause as is contained in the Government Bill has been inserted, and has not worked badly, and you wish by anticipation, as I gathered, to say that the two cases are distinctly different?

I do. I say they are distinctly different. I should like to point out the extreme difference of the industries also. The passenger on a road seeing a tramcar going past does not require any education to say I will adopt that mode of travelling. A person inhabiting a house having gas will require a good deal of education before he says, I will discard this, and adopt electricity.

487. Lord *Rayleigh*.] In the case of a tramcar, the individual can make his first trial very cheaply?

Yes, he can.

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433. Lord *Wigan*.] In the event of the compulsory purchase being considered an absolute necessity for the Government Bill, would there not arise certain difficulties, if corporations took these compulsory powers, to taking leasehold property in which central stations might have been placed; you would have the compulsory purchase of the engineering work, but you would only have the leasehold of the ground upon which it stood?

I presume that the purchasing corporation would be in the same difficulty as the company from whom they purchased, if the company had erected its engines upon leasehold property; that is to say, they would be liable, of course, to having to find a new site when the lease expired, unless they could make an agreement. It seems to me that they would be merely transferring to the corporation the difficulty under which the company itself laboured.

489. Quite so; but you would often find companies who would erect their plant on a lease?

On a long lease.

490. Whereas the corporations would not be permitted by their rules or regulations to expend money on such tenure?

I do not know what the regulations are as regards the expenditure of corporate money, but assuming they are such as would not admit of there being expended on a leasehold tenure, then no doubt that difficulty which you suggest would arise, and would be by no means an unlikely thing to arise.

491. Now comes another question. Assuming that light is produced by a central station, and the lighting all round itself, it may possibly extend its ramifications into two parishes, or more than to parishes?

Yes.

492. There would, therefore, be two local authorities interested in the matter?

Yes.

493. Which of those two local authorities is to have the power of purchasing the primary station?

I presume the local authority within whose district the primary station is situated.

494. That might be a matter of very great difficulty, might it not?  
Certainly.

495. Lord *Bramwell*.] A central station?

Yes; the generating station; the primary station.

496. Lord *Wigan*.] There are means to convey electricity now with comparative cheapness any reasonable number of miles without loss?

Yes, without a loss that cannot be borne.

497. It might be found desirable to put the central generating station outside the districts of London altogether. You might put one down at Woolwich, and yet light this portion of London at this end; who is to have it at the end of the 42 years; is it Woolwich, or the parish in which all the work is done that is to have it?

I presume Woolwich is to have it. My recollection of Section 27 of the Act of 1882 is that that might create difficulty.

498. At the present moment the Act would be unworkable as it stands, would not?

I believe so. There are words in Section 27 of the Act of 1882 which point to the difficulty, but they do not solve it.

499. Lord *Bramwell*.] "Any local authority within whose jurisdiction such area or any part thereof is situated"?

Yes.

500. There might be a part within the area of two local authorities, and, I suppose,

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suppose, first come first served, would be the way in which the Act would be applied. I am sure I do not know?

The words I have before me are these: that where a part only of the undertaking is purchased, regard is to be had to any loss occasioned by severance.

501. Lord *Wigan*.] I will take that point; any loss occasioned by severance. It might be convenient for engineering considerations to place your station at a cheap place at a considerable distance out of London near a railway, near means of getting coal, and near means of getting water for condensing engines, and such things; you would then have your generating stations a long way off; you would have your cable passing through a dozen different parishes on its way to this end of London, or to a certain part; every one of those parishes or local authorities whose district you go through would really have the means or power of taking a portion of it, would they not? I do not see how the thing could possibly work at the present moment under such an arrangement, if that clause of compulsory purchase is allowed to remain in the Bill, do you?

No.

502. Lord *Ashford*.] Will you be kind enough just to mention to the Committee whether the mechanical appliances in relation to electricity have improved since 1882?

I think the dynamos have been improved, and I think the lamps are also, more enduring; they burn a greater number of hours. I use the word burn. I do not know what other word to use. They do not burn, they glow for a greater number of hours without requiring renewal than it was thought they would at that time.

503. Those two things point in the direction of economy, of course?

Yes.

504. But in regard to electrical distribution, has any very great improvement taken place?

I am not aware of any. I think I said early in the examination that my recollection was that Dr. Hopkinson's improvement had been made prior to, or just about the time of, the Act of 1882.

505. I do not think the Committee are anxious to go into matters of electrical distribution, but I merely ask generally whether now more than in 1882 the public are prepared to accept electricity?

I think so. I thought I had already stated that they had evidenced that by procuring it for themselves under circumstances of difficulty, and from that I infer that, if these difficulties were removed, they would be glad to take it.

506. In point of fact, gas is so far in possession of the field that the adoption of the electric light would be a matter of educating consumers, would it not?

I think it would.

507. And of course that is a comparatively slow process?

Yes.

508. And being a slow process, it would be correspondingly difficult, no doubt, to induce capitalists to come into the field and to produce the necessary capital for installation?

Yes, they must be persons able to wait for some time for their dividends, and persons of faith and trust, no doubt.

509. Then if the production of the electric light was handicapped in that way, it would follow, would it not, that it must be placed from the beginning in at least an equal position with gas?

It appears so to me.

510. I was leading up, as of course you would see, to the economic question; I want to know whether, from the point of view of public policy, the placing of electrical installation on the same footing as gas would be unduly favouring electrical installation?

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No, I think it is clear it would not be. Supposing that the electrical installations have something to recommend them to such an extent that everybody who could adopt them would adopt them, then it might be that putting them on a footing of equality would be undue favouritism; but as your Lordship has pointed out, there is the education and other difficulties; but it is certain to my mind that the mere putting them on a footing of equality cannot be said to be favouring them.

511. As a matter of fact, and as an engineer of very wide experience, do you find that the words which were found in the 27th Clause of the original Act, about the fair market value at the time of purchase, is considered among capitalists unduly to handicap electrical undertakings?

I am sorry to say my connection with capitalists is not a very intimate one. I can judge about capitalists only by the results, but I know what my feelings are as regards my own money; that I should not embark it.

512. Would you be kind enough to tell us what is the construction placed upon it amongst capitalists. I think you have a greater acquaintance with them than you have as yet admitted. What is the construction placed by persons who are asked to invest their money in electrical undertakings on the words, "fair market value at the time of purchase," in the 27th Clause of the Act of 1882?

I do not know. I can only give you my own construction of them, if your Lordship cares to have that.

513. If you please?

I will take the case of conductors. The undertakers are to be paid for their conductors. First of all, the undertakings are to be paid for upon what we know as a structural value, and not upon the profits of their undertaking. When you come to structural value you come to copper conductors, and the arbitrator would say that the cost of copper at the present day is so and so; these conductors are laid, and they have got their non-conducting material upon them. I will take into consideration the condition of that non-conducting material, and I will take into consideration the labour that has been expended, and I will see that these things are fit to work to earn the income, and that probably they have got so many more years' work in them without requiring recovering, or something of that kind, and I will give the value as so much, whereas, if the undertaking were discontinued, and the arbitrator was finding what value should be paid for these things to be pulled up out of the street and sold as metal, then, of course, he would give a very much lower value. I understand "fair market value" to be the value at which they could be put down at that time, less any deterioration that they may at that moment be labouring under.

514. Lord *Bramwell*.] And possibly, less this, that if some new invention had been made by which a cheaper substitute could be put down, that would have to be taken into account?

Yes; suppose, for example, that the persons had used copper, and that by some process that I cannot imagine. I do not suggest for a moment that there is such a process, but that some persons had discovered that treating iron in a particular way you might make iron as good a conductor as copper, at a tenth or a fifth part of the price, then I can understand that the arbitrator would say, "these copper mains are no longer of the value of copper mains at the present day, less the depreciation, because nobody at the present day would use copper mains at all; therefore I can treat them as being only one of two things, either old copper to pull up, or the value of the present material out of which you may make your main, less the depreciation."

515. Lord *Ashford*.] I will put my question in another form, which is almost substantially the same, and that is this: you as a prominent engineer would very likely be called in to value under this Bill?

I am afraid not, because there is a period before the option arises, which would remove me from valuations.

516. I hope

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516. I hope not; still if you were called in you would have then to value an electrical light undertaking, under my noble friend's Act, as it then would be, at its fair market value at the time of purchase?

No, I beg your pardon, not the undertaking, I have only to value the things.

517. Allow me to substitute for what I said, "Provided the value of such lands, buildings, works, materials, and plant, as shall be deemed to be their fair market value at the time of purchase"?

Yes.

518. The question I wanted to ask you was, suppose you saw a quantity of iron, which is magnetised iron, and a quantity of wire wound into the shape of a dynamo, and made into a very valuable instrument, would you, if you were called upon to value that instrument, feel yourself entitled to take into consideration the value of the ingenuity which had been expended in the construction of that instrument?

No, I should not, because I imagine that that instrument would not be one peculiar instrument, it would be only one of many having a market value, and that a person at that time of day could replace that instrument by a precisely similar one, at a given price. Therefore whatever may have been the original ingenuity displayed in making that particular implement, I should not be entitled to take it into account.

519. *Chairman.*] Do you mean by that to infer that you would simply regard this instrument as so much iron and so much wire, quite apart from the fact of its being an instrument made up by the combination of wire and iron?

No; I should certainly, of course, add the labour to it, but Lord Bury asked me about the ingenuity.

520. Yes; but when you are told to value plant, should not you call that dynamo plant?

Certainly.

521. Then "plant" does not mean iron and wire; it means the article itself, surely?

It means the article; but assume that this is an article competent to give electricity, so many Watts, or to work so many candles, and that at that time of day if I wanted one I could write to half a dozen persons and say, "Give me a dynamo that will do precisely the work that this dynamo is doing," and that they would say, "I will give you one for 200 £," then I, as the arbitrator, say that the value of a new dynamo at this date is 200 £.

522. Certainly?

I do not seek to find out whether there are so many hundred-weights of iron or copper in it all; I say, "here is a dynamo capable of doing a certain amount of work; the market value of a new one is 200 £; how much, if any, is this depreciated." I should value it at that.

523. *Lord Ashford.*] My object was to elicit from you, in case you were an arbitrator under the Act of my noble friend in *posse*, how you would deal with the question; amongst the plant there is, we will say, a Crompton 50-light dynamo; that consists of iron and wire wound in a particular manner, and protected by certain patent rights, would you value that portion of the plant as a dynamo, and therefore having a certain specific value, or as iron and wire; that was my point?

To the question put in that way, I say most certainly as a dynamo; but when your Lordships ask whether I should value the ingenuity, by which I do not understand handicraft, but the original ingenuity of the man who invented that implement, I say "No." If at the time of the transfer it were a patented machine, I should then give, of course, a certain price for the patent, but that was already embraced in my answer, which assumed there would be a market value for the machine, and the market value for a patented machine is the ordinary

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nary value of the machine, and covers the material, *plus* the labour, *plus* the royalty, (or a portion of the patent right) at the time.

524. Lord *Rayleigh*.] The value of the machine in fact for what it would do at the time of the purchase?

Compared with the cost of new machines of a similar character, taking into account the deterioration, if any.

525. Lord *Bramwell*.] And also the possibility of an improvement in the new machine?

And also the possibility of an improvement in the new machine.

526. Which would depreciate the value of the old one?

I am not quite clear that that is quite provided for by the then market value of a precisely similar machine. I think that there would be at the time a recognised market value for the machine, and that the recognised market value takes into consideration the value of every incident. May I call Lord Bury's attention to the words in the section which, to my mind, clearly prohibit an arbitrator valuing in the way you suggest. "The fair market value at the time of the purchase, due regard being had to the nature" (that covers the question of whether it is likely to be superseded) "and its condition" (that covers depreciation), "the state of repair" (that is another matter), "and the suitability of the same to the purposes of the undertaking." To my mind no one with such a section as this could pretend to value upon the mere ground of old metal.

527. *Chairman*.] Although, as you said just now, supposing that copper had been used where iron would suit, under those terms you must value copper as iron?

Yes, and I think properly. If the corporation are rightfully purchasing, you would not be able to compel the corporation to pay what would be a proper price for a metal that had become obsolete for the purpose, and had been replaced by a cheaper metal. An illustration has occurred to me that I think is an ample one: Suppose I was asked to value at the present day the old engines of the "Great Eastern," knowing what they would cost to reproduce, I say the value of those engines at the present day is that of old metal, for this reason; they are an obsolete type of engine, and no one could work them to a commercial profit.

528. Lord *Ashford*.] Taking that answer as settled, I would ask further whether, suppose there were added to my noble friend's clause such words "as a going concern," the value of the hypothetical dynamo which we have just been discussing would be very much enhanced in the eyes of the valuer by the fact of the words "as a going concern" being put into the Act?

It would not then come into the consideration of the value at all. A valuer, under those circumstances, would say, "This concern is making a profit of 5 per cent. upon the capital; it is making a total annual net profit of  $x$ , or say a certain sum of money, say 50,000  $\text{£}$ . The profit has been growing of late years. I see reasons for the profit growing in the future. The Parliamentary limit of profit would not be reached until the  $x$  *plus* something is reached; how long that will be I do not know. I shall have to discount it, and do the best I can, and having arrived at that, I am about to capitalize by a certain number of years' purchase; and my only concern with respect to individual items of the plant is to make sure that the plant is of such a character as to be able to earn and to continue to earn the income. Then I do not value the plant on structural valuation at all, and that is the mode in which undertakings of this kind are transferred.

529. Lord *Bramwell*.] With submission to you, I do not think you are quite correct there, because, that is to say, you would not have to look at the value of the plant at all. I think you would in this case; you would have to find its condition to see whether there would be any future deduction from the profits on account of depreciation?

Quite

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Quite so. I should have to ascertain that the plant had been properly upheld, and that what was called income had not been exaggerated by the plant, being allowed to dwindle down below the proper state of maintenance.

530. I dare say we mean the same thing, and that is perhaps rather an unnecessary qualification of what you have said?

Yes, perhaps. I mean it is a thing one has so often had to do. One never makes a structural valuation when one makes a valuation upon income, except for the purpose of ascertaining that the various implements and buildings, and things of that kind, are fit and suitable for the purpose of maintaining the income, and that they have been kept up to it in a proper condition.

531. Lord *Ashford*.] In point of fact, in discussing the value of an electrical installation, it would make all the difference in the world whether such words as "a going concern" were inserted in the Act or the terms left as they are in the Government Bill without such words?

Certainly. Assuming the "going concern" covers what the Chairman has said, it would be a desirable thing to cover, if used at all, the definition such as I have shown you in the Tolls Bridges Act.

532. Quite so; and may I take it that, economically speaking, you do not anticipate it would be possible to raise money for electrical installation under such an Act as the Government have now brought in?

I do not.

533. Then the question narrows itself rather to this, supposing the words "going concern" to be put into the Act, it narrows itself in your mind, as I gather from your general evidence, to this fact whether or not local authorities ought to be permitted to step in and become themselves the purchasers?

No, I do not think that, because, to my mind, beyond that there are the necessary provisions for the protection of the public, which are to be found in the provisions of No. 1 Bill, and are not in the provisions of No. 2.

534. I will ask you what you mean by that, but before coming to it, I should like to ask you one question, which was suggested by the Chairman at an earlier period. Do you know any instances in which corporations (to which you have an objection as traders) have stepped in to prevent the electric lighting being possible?

I should say the aspect, if I could look behind me, of the seats of this room at the present moment are very good evidence.

535. The question is whether you can give any actual instances?

You mean of opposition to Electric Lighting Bills?

536. *Chairman*.] Can you give any instance in which corporations have injured electric lighting by reason of the position of advantage they are in, from the fact that they are gas owners, and so on?

I believe that they are to be found. I cannot cite one to you, which I suppose is what you mean; that is to say, I should say I could answer the question in the affirmative, if I found a corporation coming and petition against a Provisional Order on the ground that they are already the lighting authority of the district. I do not know whether that would be one.

537. That would be a case?

That such cases exist I have very little doubt. I cannot cite one to you.

538. You do not know one at present?

I cannot even say I do not know one, but I do not remember one.

539. Will you try and find some?

I will try and do so.

540. Lord *Rayleigh*.] I understand your argument to be that the local authorities supplying gas had been the great impediment to the electric light by the difficulties they made in 1882?

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[Continued.]

I should say that that is the foundation of that Act of 1882, in my opinion.

541. *Chairman.*] You do not know of any, but will you look for some specific instances?

Certainly. With the Act of 1882 in existence, I am not clear what opposition there may have been. I do not see why the corporation then should oppose very much. It means "come and do the work, and we will buy you if you make a profit."

542. *Lord Ashford.*] You said that the Bill of Lord Rayleigh contains some necessary protection for the public, which neither the Bill of my noble friend, nor mine, contained. Will you be kind enough to tell us what that is?

The auction clauses and the sliding scale. The sliding scale is an incentive to reduction, and, therefore, a benefit to the public.

543. One of the financial witnesses, I think, is Mr. Cohen, who was before us the first day of our meeting, said that he thought that there ought to be, in addition to a power of sale at the end of a given time, a limitation of the amount of dividend which should be divided by the companies; do you agree with that view?

Yes. It is suggested in No. 1 Bill. You cannot have a sliding scale without a standard dividend.

544. But then the Bill of Lord Rayleigh does not allow any local authority to intervene at the end of a given number of years?

Certainly not.

545. The No. 2 Bill does allow of such intervention beyond 42 years?

Yes.

546. As a going concern?

Yes.

547. Would you think that if that clause about a "going concern" were also inserted that it would be necessary to limit dividends?

Yes, in the interest of the public, certainly, or else for 42 years you will leave the public to the mercy of the company.

548. You told us a good deal at the beginning about certain preliminary expenses which were necessary to be incurred by the company: Parliamentary expenses, expenses of promotion, expenses of raising capital, and various other things?

I did not say anything about expenses of promotion, Parliamentary expenses, advertising, and getting a good business together.

549. Taking all the expenses that would be necessary before you could get an electrical installation on a large scale going in a town, would it be wise and fair to limit the dividends to be paid by that company, in addition to the clause of the No. 2 Bill, that they should be sold at the end of 42 years as a fair going concern?

I do not see how they are connected; but it appears to me that it would be undesirable to give Parliamentary powers to a company to light a district, leaving them probably without competition with another electric company unless there was a limitation of dividend.

550. I think I gathered from you that the expense of electricity would make it almost impossible (except in very special instances, such as that of the Athenæum Club) for private houses in the streets of towns to be lighted by electricity?

I did not put it upon that ground. I put it upon the ground of private houses, and the streets of towns not having the space adequate for the erection of an engine and a dynamo, and for the servants of private houses not having the knowledge requisite for working them.

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551. Lord *Bramwell*.] And possibly the nuisance to the neighbourhood?

And I also said possible nuisance to the neighbourhood. I fancy if I were to put a gas-engine and a dynamo in one of the cellars in my area, as I have thought of doing more than once, that my neighbour, Lord Aberdare, might complain of the buzzing noise, and I might have to stop it.

552. Lord *Ashford*.] The point is that for some reason or another electricity is not likely to be supplied to private houses?

I am sorry to hear your Lordship say so.

553. I gathered from you that it is so. I mean by individual installation.

Not by individual installation, I think, for the reasons I have stated.

554. Then I suppose I may take it that you consider that central stations are the only way in which ordinary private houses can be supplied?

Ordinary private houses. There are exceptional cases. For example, there is Sir Richard Webster, who, although he lives at Kensington, lives in a house with a considerable amount of garden to it, and isolated from his neighbours, and he has been able to put up a gas-engine, and light his house with electricity. That is an exceptional case.

555. There is also Lord Thurlow's house lighted by electricity, a storage battery and a small gas-engine; but in a general way we may take it that electricity derived from a central source is the only way in which towns are likely to be lighted?

The only way by which those whom you may call the ordinary run of the private inhabitants in towns, and the ordinary shopkeeper is likely to obtain electric light, so far as it appears to me.

556. Then, so far as you know as an engineer, may I ask you whether you think the public are as yet ripe for such an institution as the institution of central stations for the supply of electric light?

I think so. I thought I had already given this argument, that if, with the difficulties attendant upon private installation, you find private installation made, you may take it for granted that if electricity can be got without the difficulties of private installation, you would find it taken by those who are able and willing to pay for a light of luxury.

557. There are numbers of persons who habitually pay heavy prices for a light of luxury?

Yes. I, for example, have gas on the staircase, and so on, but I do not think of sitting by a gas light, and would not do it on any consideration.

558. You have already expressed your views that electric lighting ought not to be handicapped, and that Parliament ought not to insert in any Act which they have under their consideration such a clause as that in my noble friend's Bill about plant being sold at its fair market value at the time of purchase without further compensation?

I think if this Committee were simply to pass Bill No. 3, we should be precisely where we were before they passed No. 3.

559. I think you have considerable experience as to the working of electric lighting abroad, especially in America?

Only in the United States.

560. That is done from central stations, I think?

That is done from central stations.

561. Would you give some particulars as to your observations upon that point?

I was in New York in the autumn of 1882, and went to the first central station there for incandescent lighting within about a fortnight of the time it was opened. I visited it two years afterwards, and there is no question that the result of distributing electricity from that central station in New York has been absolutely satisfactory in an engineering point of view. I have

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now before me a statement of 41 different incandescent centre electric lighting stations in the United States. I telegraphed the other day to my friend, Mr. Johnson, who is the chairman of those undertakings, telling him that this Committee was about to sit, and asking him to give me the most recent information, and in return I have the information that I am now offering to your Lordships. He is a Vice-President, I find, of the company.

562. *Chairman.*] You will put that statement in. (*The Document is handed in. vide Appendix B (1).*)

If your Lordship pleases, I will read the summaries. The total capital is 3,307,000 dollars, the total lamp capacity 100,800; the total lamps connected up at the present time, 85,725.

563. *Lord Bramwell.*] Is that throughout the States?

At present throughout the States in 41 central stations in different places. Add estimated number of lamps to be connected with the stations now being erected, 41,700. Then if you will allow me, I will read this note: "The capital of the New York Illuminating Company has just been increased to 2,500,000 dollars. With this increased capital it is proposed to start three large additional stations in New York City during the coming summer, two of which will be ready for operation in time for next fall's lighting season, the requisite real estate having already been purchased. During the past winter our agents have been engaged in the preliminary work of organising upwards of 40 additional illuminating companies, 90 per cent. of which will certainly be closed during the coming summer;" and I may tell you that the lamps now connected with the New York station that I saw put into operation in the year 1882 are 13,000.

564. Are there any particular facilities in America that you know of for electric lighting that do not exist here?

"Facility" probably is hardly the word; but there is an inducement in America, and a very strong one, which does not exist here, that is the much higher price of gas in the United States.

565. *Lord Ashford.*] I am unable from any notes before me to elicit your opinion upon this point; would you be kind enough to continue with any remarks that you have to make?

I believe I have said all, so far as I know, as regards this central station lighting, except this by-the-bye. I do not know whether the Committee are at all in any doubt as to the possibility of making a fair charge to each consumer, but it is stated to be perfectly clear that the electric meter which is used by the Edison Company has given universal satisfaction, and that their bills have not been disputed. It is also stated that in a case where the price of gas was reduced, that out of a large number of consumers, only two or three went away, and they were instantly replaced by others. I feel sure that anyone who has once experienced the advantage of electric lighting, would be willing to continue it even at a sacrifice.

566. You are of course aware that there are other meters now in existence which are supposed to be equally reliable with those of the Edison?

I am aware that there are other meters; but it seemed to me that so long as it was established by actual practice that there was any meter which was satisfactory, that that would suffice for the information of the Committee. I am not now upon the question of competing meters, but the fact that there is a meter which has given satisfaction.

567. It would be interesting to the Committee if you would mention within what degree of accuracy these meters are supposed to arrive, and whether they are as close in their indications as gas meters, for instance?

I believe they are.

568. And that is generally admitted, is it not?

I believe so. At all events, they are acceptable to the consumers of those companies.

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569. At any rate we may take it that there are electrical meters within your knowledge, as an engineer, sufficiently accurate to enable electricity to be supplied by meter?

Yes, I think so.

570. Is there anything you have to add upon that point?

I do not think there is anything I have to add upon that point.

571. I was going to ask you about the financial aspect of the question. You have, no doubt, been concerned with undertakings which have gone to the public for the purpose of raising money under the 1882 Act, have you not?

Yes, only by those which were promoted by the Edison Company. I think those are the only ones I have had to do with.

572. But you have known that under the 27th Clause of the Act of 1882 it is impossible to raise money?

The Edison Company certainly did not go on with their district, and I, as a shareholder, have not been called upon to subscribe for that purpose.

573. I was going to ask you some financial questions as to the probability, in your opinion as an engineer, of obtaining money, under the two Bills, other than the Government Bill now before us?

I believe it would be possible and probable to obtain capital either under Bills No. 1 or No. 2.

574. Lord *Bramwell*.] No. 2 is rather more favourable to the undertakers than No. 1, is it not; it leaves them without restriction as to their dividend?

It leaves them without restriction as to their dividend.

575. And gives them 42 years to make their profit in, and then sell as a going concern?

Yes.

576. Surely that is better than No. 1, is it not?

I think to the undertakers it is.

577. Yes, to the undertakers; because the public have no protection?

The public has no protection.

578. Not at the end of 42 years even?

The public would have the protection, no doubt, of a price; there would be the maximum price fixed by the special Act.

579. Yes, if that is so?

And no doubt it would be.

580. Lord *Ashford*.] You have very great experience of Parliamentary Committee Rooms: would you not think that a Bill like that of Lord Rayleigh, which did not provide for purchase at the end of any number of years, would find some difficulty when it got into another place in a Committee Room?

It really depends upon the present condition (and I speak with all respect) of the craze for making local authorities into traders. It all depends upon whether that is on the flood or the ebb, or what condition the public mind is in upon it. I should have thought, having regard to the brevity of human life, that 42 years was a long enough period for deferring the enjoyment and the benefits of corporate management, always assuming that there are any; but it is not a long enough period for an investor, because a man has to consider those who are to come after him. I should have thought the simplicity of Bill No. 1, its absolute uniformity and equality with the modern gas legislation, which has been found to answer so well, would commend it to the favour of those who have to determine the question; but I do not pretend to predict what might happen.

581. Is there any other point upon which I ought to ask you any question?

None occurs to me. My assistant has been looking through this pamphlet, (92.) which

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which was sent to me from New York at the same time as the statement handed in, to find the paragraph relating to the trustworthiness of the meters. I do not know whether your Lordship cares to have that

582. *Chairman.*] I think that is rather important, if it is directed to the point that there is a meter that is trustworthy?

It is directed to that point. I will read two or three lines which show what they have done to satisfy their customers: "There have been many cases where, in order to satisfy customers that the meters were reliable" (by which they mean trustworthy), "we have taken them out at the end of a given time, during which the customer has kept an account of his lamp hours, and have presented bills made out, on what the meters showed, in order that the customer might check the amount of the bill by the simple rule mentioned above. In all of these cases the accuracy of the meter has been maintained, and the confidence of the public has steadily increased, so that at the present time it can be safely said that the Edison meter, originally considered by some to be possibly the only doubtful part of the Edison system of central station lighting, is now generally admitted to be both scientifically and practically exact and reliable."

583. And you have reason for believing that statement to be correct?

I have. Then here I have also monthly reports of two central station companies in the United States, showing the expenditure, and the receipts, and the profits, but you should bear in mind in both those instances the gas was double, or even more than double, the price that prevails in London.

584. What do you put this statement in to prove?

I put it in to show you that the matter is in regular work, and regular form, and that it has got beyond the domain of experiment.

585. *Earl Cowper.*] I only wish to ask one question about the subject upon which you began, as to the disadvantages of corporations managing these concerns. Of course you made some very strong points against it, but you mean to say that there is a good deal to be said on the other side, I suppose. You did not mean your statement to be an exhaustive one, you only meant to put it as what might be said against it, in fact; is that so?

Of course I cannot preclude any person from saying what there is to be said on the other side, but I should rather like to hear what it is.

586. Of course you admit that in itself it would be rather against the public interest that 10 per cent. profit should be made out of the public, and go into private hands?

No.

587. It would be better for the public that it should either go into their hands as ratepayers, or that it should be given in cheapening the light to the consumer?

No, I cannot agree in that. The 10 per cent. profit is only suggested on the original capital, and unless you have sufficient temptation, you will not get the original capital subscribed, and I think it is to the advantage of the public that they should pay 10 per cent. upon a small amount of original capital to have the enterprise started and put to work, rather than to abstain from paying the 10 per cent. that they should not get the enterprise at all. With respect to subsequent capital, they pay no more under the auction clauses than the trade risk demands.

588. *Lord Bramwell.*] You saw one of these central stations in America a work, did you not?

Yes.

589. But I suppose, not as much at work as it would be now, with the larger supply it has?

No, not when I first saw it.

590. On the second occasion, when you saw it, was it what you may call full work?

Yes, except that I happened to visit it in the day-time.

591. It

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591. It has been suggested, that possibly the fear of committing a nuisance may have had something to do with preventing enterprises of this sort. Was there any nuisance to the neighbours that you could appreciate from the working of this central station in America?

I should have thought, if the houses on each side had been ordinary London dwelling-houses, yes; but having regard to the fact that the City of New York puts up with elevated railways, with engines running within two or three feet of the first-floor windows; certainly, as compared with the elevated railway, there was no nuisance whatever. For example, if anyone were to put that central station down alongside my house in Queen's Gate, I should be very angry indeed.

592. And probably would go to law with them?

I do not know about that; I might wish my neighbour to go to law with them.

593. Could that be guarded against in London by taking some place where there was no building in the immediate neighbourhood, or by purchasing the interests and rights of such building?

Surely. The amount of nuisance, such as it is, is not more than that of many trades which are carried on within the City of London; for example, it is not as bad as the trade of a printer.

594. Now, I want to ask you a question or two about corporate trading. You have read to us Lord Chief Justice Cockburn's statement about the corporations making profits; I have a reason for asking you, and for supposing that you do know, and that you could give us some cases of where large profits have been made by different corporations in this country; have you got them?

Yes.

595. Will you name them?

I have before me the comparison for the year 1884 of the amount charged per 1,000 cubic feet as gross profit by eight provincial corporations, and by 10 provincial companies.

596. Will you name them?

The Corporations of Birmingham, Bolton, Halifax, Leicester, Manchester, Nottingham, Oldham, and Salford; and the average price that these corporations have charged, per 1,000 feet as gross profit, is  $13\frac{1}{2}d.$

597. That is to say, over and above what would compensate them for prime cost, they charged  $13\frac{1}{2}d.$ ?

Yes, per 1,000 feet.

598. That is to say, they could have brought themselves home charging  $13\frac{1}{2}d.$  per 1,000 feet less?

Yes.

599. *Chairman.*] Just to follow your answer out clearly, does that  $13\frac{1}{2}d.$  mean  $13\frac{1}{2}d.$  above the cost of what they could make it, or  $13\frac{1}{2}d.$  above the cost at which the gas was made when it was a private company?

Thirteen pence halfpenny above the cost at which they, the corporations, did make it, and this  $13\frac{1}{2}d.$  varied from Halifax as a minimum at  $10\frac{1}{2}d.$  to Bolton as a maximum at  $20\frac{1}{10}d.$

600. Bolton, I should think, and Halifax too, indeed, were places where they could make their gas cheaply, could not they?

I should say Bolton, certainly.

601. Lord *Bramwell.*] The noble Chairman asks if you have got the charges of all those eight companies?

I have.

602. What is Bolton?

They are in pence and decimals. I had better give them you in decimals,  $32.54d.$

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603. The

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[Continued.]

603. That was the price per 1,000 cubic feet?

Yes.

604. Out of which they made a profit of 20·41?

Yes.

605. So that they charged nearly three times as much as it cost them?

Apparently.

606. *Chairman.*] Your clerk might make out a list of them and put it in?

Very well. (*Vide Appendix, B (2).*)

607. *Lord Bramwell.*] To sum up as it were, that was a case where the gas consumers were charged for the benefit of the ratepayer, who was a non-consumer?

(Or may have been.)

608. All Bolton may have been gas consumers for ought I know otherwise?

Yes.

609. Now, as to the other 10 towns you were going to name to us, where the lighting is in the hands of a company?

Bath, Brighton, Bristol, Derby, Liverpool, Newcastle-on-Tyne, Plymouth, Portsea, Preston, and Sheffield, the mean gross profits of those 10 companies was 10·56 *d.*

610. Have you the mean of their price charged; perhaps you would like to go on first and say, as you did in the other case, what was the minimum of those figures that go to form the average?

Bath, 6·79 *d.* is the minimum.

611. And the maximum?

Brighton, 15·07 *d.*

612. *Lord Rayleigh.*] Are those corporations or companies you are now speaking of?

Those are companies. If you take the mean it results in this, that those eight corporations charged 13·50 *d.* gross profit, where the 10 companies charged a mean of 10·56 *d.*; practically, 3 *d.* a 1,000 less gross profit than is charged by the corporations.

613. *Lord Ashford.*] Are you alluding now to gas or electricity?

Gas. But out of the profit, of course, the corporations have to pay the interest upon the money that they have borrowed; out of the gross profit the companies have to pay their shareholders their dividends.

614. *Lord Bramwell.*] I suppose you would not say that some period might not be long enough, so that at the end of it the terms upon which the undertaking would be taken from the undertakers would be immaterial; for instance, 99 years?

Ninety-nine years, probably.

615. After 99 years nobody cares?

Nobody cares very much.

616. I understand you to say with reference to the inducement to the undertakers, and with reference to the advantage to be got by applying new capital, a considerable period must be given?

Yes.

617. Would you say 42 years are necessary?

Before a purchase clause arose, do you mean?

618. Yes?

The purchase clause having in it the words "as a going concern"?

619. A going

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[Continued.]

619. A going concern?

A going concern in the proper sense of the word.

620. Yes, there being a limitation, as in Lord Rayleigh's Bill, of dividends, a sliding scale, and new capital sold by auction?

Yes.

621. And the purchase is a going concern; do you think 42 years are necessary in a case of that kind?

I think it would do with less. I think you would be able to ascertain what would be the profits of the undertaking, and if it were one that would earn a dividend of a fair amount, that would be developed before 42 years.

622. You said, I think, something of the same kind that Mr. Cohen did, that the thing must have been going long enough to prevent its being a matter of what you might call guesswork or speculation as to what the future of the thing is to be?

Yes.

623. Suppose it has been sufficiently long in existence to enable you to say with reasonable certainty what the result is, I suppose that would be long enough?

I think so.

624. Have you any notion how long that would be?

No; it is too speculative, but I think, as regards a 42 years' period, that might be diminished.

625. They are needless, are they?

Are not necessary; of course you will say that in stating this I am offering an opinion, but when you ask me to give a closer one, I refrain; it is simply that the matter is very much open to doubt as to how many years it might take to fairly develop an electrical undertaking.

626. Treating yourself as what you say you are not, a capitalist, would you be willing to invest your money if 21 years, for instance, was the time, and then subject to a purchase as a going concern at the end of it?

I think I might, but I am very doubtful about it. I can imagine years of trouble to get people to take the thing up, and I know, sitting as an arbitrator, and so on, that although one pays attention to the chance of prospective profits, one says after all, they are but prospective, and they do not get valued as though they were certain.

627. A sliding scale supposes a standard price, does it not?

Yes.

628. Can that be fixed in the case of electricity?

Yes.

629. Is it named in my Lord Rayleigh's Bill?

No, it is done by the special Act, and was done by the special Acts.

630 Lord *Ashford*.] The Act of 1882?

No, not the Act of 1882, but by the Provisional Orders that you got under that Act.

631. Lord *Bramwell*.] How would you fix the standard price?

As we did then, by making the best estimate we could of what the expense would be.

632. Was it in the Bill of 1882?

No, it was in certain Orders that we obtained in which that Act was incorporated.

633. I do not want a very scientific answer to my question, if one is required,  
(92.) L because,

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[Continued.]

because, for my own part, I should not understand it, but upon what principle did you fix the standard value of the supply?

May I tell you, to begin with, that the unit is, if I may use the term, a quantity of electricity (I do not hardly like to use it) which, for lighting purposes, may roughly be taken as equal to 100 feet of gas; it was 1,000 volt-amperes running for an hour; that is the unit. Having determined that that is the unit, it is then known what horse power that represents delivered to the customer. It is about  $1\frac{1}{4}$  horse power. You then have to make your allowance for the loss of pressure (I will use that term) through copper conductors. You then have to make your mind up for the loss in the dynamo, and the dynamos now are so well constructed that they give a very large percentage; indeed, some 90 per cent. of the power put into them in electrical output; and having done all that, you arrive at what sized steam-engine you must keep at work. You say, "There is an engine that will cost me so much to keep at work per annum for coal, oil, labour, wages, and that kind of thing."

634. Then you charge per unit. If by scale you can make your dividend over a stipulated amount, then you may increase it, provided you charge so much less per unit?

If, by our scale, we can afford to sell electricity at a price below the unit, and also by our scale earn so much profit as will put it up to the standard dividend, and over it, then we are entitled to pay over it, according to the amount that we reduce the electricity.

635. What is the maximum dividend that you say it would be necessary to take?

As to the standard dividend I should propose, you will see the words in italics, I think, in Lord Rayleigh's Bill; I should suggest that, having regard to a new industry of this kind, the standard dividend might very fairly be that which it was for the gas companies in 1847. They were established on an unlimited dividend originally. I should suggest, certainly, that 10 per cent. should be allowed, then Parliament would take care, when it passed the Provisional Order, that no more capital was allowed to be called up at 10 per cent. than could be shown to be fairly needed for the immediate wiring of the district given to the company, and a fair development for a few years afterwards.

636. Ten per cent. is your estimate, I suppose, upon something like this calculation; five per cent. is a fair return for your capital; in a new concern of this sort; you stand either to make nothing or something?

Yes.

637. And a sort of average between them is 10?

I am afraid I could not work that out as an arithmetical formula, but I think I understand what you mean, and it really comes to that.

638. If you stand to make nothing, you ought to stand upon an even chance to make twice the fair sum if it was a certainty?

Yes.

639. You have given us several reasons why you object to corporations trading, but you have not named this, and I do not know whether you think it exists; are they good traders; do they manage their trading as well as trading corporations or individuals; do you know at all?

I have a general opinion that there is no management so good as that for the purpose of securing a dividend, but I am not prepared to say that the corporation management of their gas undertakings has been deficient in intelligence or economy.

640. For anything you can say, the gas undertakings have been as profitably managed by the local boards and corporations as by the companies themselves?

Certainly, by the large corporations, I should say they had; one must recollect this, that they took them over from the companies with all the apparatus and appliances of the company, and very commonly with the officers of the companies who

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[ *Continued.* ]

who had been engaged at the time, and under the sliding scale they were doing all they could at the time to improve the manufacture.

641. *Chairman.*] Is that correct now of all those towns you have mentioned, for instance, take the Corporation of Manchester?

Yes, that I think originated it.

642. Did the Corporation of Manchester take over their gas undertaking from a private management, which had been working under a sliding scale for many years, until it reached a great pitch of perfection?

No, I believe Manchester originated its gas works; at all events the taking over was before my time. I trust I did not say "exclusive;" I think I said in many cases.

643. Lord *Bramwell.*] You said that there was an inducement; you corrected my expression "facility;" you say there is an inducement in New York which does not exist in this country, that the gas is dearer there than here?

Yes.

644. Would not the electricity be cheaper here than there?

No, I do not think so.

645. Your reason, I have no doubt, is a good one, but I should just like to know what it is, because I should have thought the cost of electricity here was involved in somewhat the same considerations as the cost of gas, but why is it you say it would not be cheaper here than at New York; power would be cheaper here, would it not?

No, I do not think it will.

646. I thought it came from coal?

Yes.

647. So does gas?

Yes, but then, you see, gas leaves residuals which sell for a large profit, and the gas companies in the United States, until quite recently, have not made that profit out of the residuals which has been made out of gas in England.

648. Lord *Houghton.*] I think almost the first answer you gave us was that you attributed the failure in electrical enterprise, which we all admit, entirely to the existing law?

I do not know that I said it was entirely owing to the existing law.

649. *Chairman.*] You did so. I put the word "entirely"?

There may be other causes, but I will adhere to that answer if I gave it.

650. Lord *Houghton.*] That involves the admission that if these undertakings were put on the same footing as gas that they could compete with them on equal terms?

I do not say that at all. It all depends upon what you mean by competing with them on equal terms. If you mean competing with them on equal terms and making a profit equal with the gas company, it may be; if you mean on equal terms to sell electricity, light for light as cheaply as gas, it will not be.

651. I think I can explain by what was said by one of the witnesses on Monday. Professor Forbes said on Monday that, certainly as regarded London and some other places, the electric light could not compete with gas in point of price, if there was an obligation to supply. Do you agree with that?

In point of price. Certainly I say that, so far as I know at present, electricity by incandescent light cannot compete with gas. I have almost all through to-day used the words, "a light of luxury."

652. I think we are right in assuming that it is Bill No. 1 which you think would be the best settlement of the question. You are probably aware that it

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[ *Continued.* ]

has been stated that if you were to put electricity on the same footing as gas, that you must have the same data as you have in the case of gas as regards price?

I do not understand that. There are no fixed data as regards gas. Every Parliamentary Committee you go before, the question of the standard price is fought out in each case before each Committee.

653. Is it not possible to say very fairly well what it will cost to light a given district with gas?

The original outlay for plant?

654. Yes, the original capital required to light a given district?

Oh, yes.

655. Is that the case with electricity?

I see now what your Lordship means. Certainly it is not anything like as well known as it is in the case of gas, but it is perfectly measurable, and I do not see how that has got to be considered in the question, because all that will happen will be this, if the promoters have not put down capital enough they will suffer for it; the public will not.

656. There was a question raised on Monday in some of the questions put to a financial witness, as to whether some of the electric lighting companies would not be able to ask for a very excessive capital at first, and so defeat the operation of the Auction Clauses?

Parliament would not allow them to do it. They would have to come and get their Provisional Order confirmed, and they would have to show and justify the amount of capital that was needed, and Parliament would say to them, we will only give you so much, and if it turns out to be too little, you can come again and get it. You may depend upon it the Committees would not give them an excess of capital.

657. Do not they say, as a matter of fact, that they cannot fix the exact margin, and must have a little law given them?

No doubt "a little law," but to begin with a district, we will say, would be assigned to a particular company. The obligation, as you know, under the Provisional Order, is that they shall undertake to wire certain streets at once and a further area afterwards. That being so, the capital can be computed within a very reasonable amount, and it will only be, compared with the whole of the capital that may be eventually embarked in the electric light, a very small fraction. The question is, therefore, whether, in consideration of that small fraction of capital getting a larger percentage than might otherwise be desirable, the industry is to be stopped. One shall never get any better data unless one is allowed to begin.

658. You could say for a certainty that the margin required would not be a large one?

Certainly, as compared with the whole. I am quite sure that would happen if the noble Chairman of this Committee were in the Chair on an electric lighting Bill. I am quite sure he would say, "You must prove to me that undoubtedly you ought to have this amount of capital at the outset, and you shall have that and no more, and if you want more you must come again."

659. I was speaking not so much of a Bill as an application for a Provisional Order, when the matter would be examined at the Board of Trade, but would not have to come before a Committee?

It must come before a Committee to be confirmed, and is open to the opposition of any parish.

660. You are perfectly right?

And if any body objects, he is entitled to object. It is heard before a Parliamentary Committee, in the ordinary manner.

661. I should like to clear up one or two points about this. As regards foretelling the price that should be fixed for a given district, would it not be right

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right to say that it would depend upon three considerations—first, the probable demand; secondly, the cost of your mains; and lastly, the efficiency of the lamps?

No; you are not selling illumination, you are selling electricity; and if a man chooses to employ a bad lamp, that is his look-out, as much as though he employed a bad gas-burner.

662. That is a point by itself?

It is one of your three conditions that you put to me as regards the price per unit.

663. I will put them separately. First, would not the demand depend very much upon the class of houses by which the light was taken?

Yes, very much in the same way as gas depends upon the demand for each house.

664. Not more?

I do not think more. I do not think there would be any more variation. One knows, or one believes that it would be a different class of houses that would take it; for example, I presume if I took it for my own house, the differences or the variations there would be practically what they are with the gas that I burn in my house.

665. But would not that affect an electric concern much more than it would a gas company; the intermittance of your taking the supply?

No, not at all.

666. It would not?

No, not any more than a gas company. It would affect them in precisely the same manner. A gas company is compelled to put up a plant both manufacturing and distributive, which would be equal to the requirement of the heaviest day in the year, and those requirements vary from something like, I think I am right in saying, a 250th part of the annual consumption to as much as a 180th part of the annual consumption; that is to say, you may have in some cases the heaviest day equal to twice the average day. A gas company is compelled to erect both its manufacturing and its distributive plant for that contingency.

667. Then in addition to the requirements, as you have said, it is not the light that is sold, but the electricity?

Yes.

668. Would not the amount of demand for electricity for other purposes, for instance, the amount which would be required for the transmission of power be extremely uncertain?

I do not know. You would have to ascertain what it was. I really do not remember at the moment whether Bill No. 1 suggests that the supply of electricity for other purposes than lighting should be obligatory, or whether it is merely permissive. I forget which way it is.

669. Lord *Ashford*.] It is a matter of agreement?

If it is a matter of agreement the Company would guard itself, as in the case of a water company, where they are only bound to supply for domestic purposes. Although they have the power for supplying for other purposes they are not bound to do it as a rule, and can make their own terms, and can say, "If you are about to use it in a manner prejudicial to the ordinary purposes, we will not supply you;" and I recollect there is a section in this Bill which prohibits the electricity being used in such a manner as to interfere with the use by the neighbours.

670. The sale of electricity clause, do you refer to?

No, it is not that; it is misuse.

671. Lord *Houghton*.] My point was whether there would not be such great uncertainty as to the demand as to make it very difficult to say what amount of capital would be required, because the whole question of fixing price depended upon your knowing very accurately indeed the amount of capital required for the undertaking?

The question of fixing the price for unit?

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{ *Continued.*

672. Per unit?

In so far as that portion of the price which goes to make a profit, no doubt that is true. So far as regards the other portion of the price, it is true to an extent, but as I have pointed out, the way to do it would be by gradual development. You would make a portion of the undertaking; you would get your experience, and you would go to work and do it. Here is the answer. Here are 41 of these things at work in the United States. We are as clever as the Americans, and that is saying a good deal.

673. I will come to that point directly about the United States?

I beg your pardon. Still it seemed to me pertinent to your present remarks, which point to the difficulty, as it were, of making a start.

674. I did not point to the difficulty of anybody making a start, but to the difficulty in the public interest of fixing the capital to prevent the restrictions which you say are put in in the interests of the public becoming illusory, such as the auction clauses. I think you will admit if very excessive capital were subscribed the auction clauses would become illusory?

Until the capital was absorbed.

675. I am anxious to find out whether it is possible to limit that?

Until that capital is absorbed no doubt those clauses would be illusory, but at all events a Bill with auction clauses in must be better than a Bill without them. It is like a bread pill, it can do no harm, and it may do good.

676. Lord *Bramwell*.] For the public?

For the public. I am quite certain there would be no practical difficulty in working it out.

677. Lord *Houghton*.] As regards the difficulty of forecasting the cost of an undertaking, there is the second point of the question I mentioned of the cost of mains. Does not that entirely depend upon the electrical system which is chosen by the given company?

No, I do not think so. I think that the restriction as regards the number of volts at which electricity may be sent through the mains (a limitation which one does not propose to deal with), that is to say, when you are limited to the number of volts at which electricity may be sent through the mains, then there is no particular system which could alter the size of the mains required.

678. Lord *Ashford*.] Do you say that 200 volts allowed to go over the mains is not likely to be interfered with?

There is no proposition in No. 1 Bill, I think, for interfering with it.

679. Lord *Houghton*.] I am no electrician myself, but I should like to have your opinion in the three different instances, such as that of a system of working direct from the central station, or with a system by storage batteries, or with a system worked as the Grosvenor Gallery is, I believe, by what are called secondary generators, whether there would not be a very great difference indeed in the case of the mains?

I do not understand a central distributive station worked by storage batteries.

680. Worked with secondary stations?

I thought you said storage batteries. I am afraid I do not follow you. The conducting power of copper at the present time, I think, is very well known. My recollection is that a mile of inch round copper gives a resistance of 55-1,000ths of an ohm. I do not know that one can alter that.

681. Then, I remark that in your examination before the Committee of 1882 you said that you thought then that we did not know enough to be able to limit either the profit or the price; could you explain what has made you change your view in that respect?

Well, we have four years' greater experience. The matter was then worked out. The matter has been much more considered, and certainly I think we know

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know enough now, having regard to these stations in America, to enable us to go to work here.

682. There has been a sufficient scientific development to enable you to fix the price?

I should say a sufficient practical development.

683. You mean that the experience in America would enable you to fix the price in England?

I think so. I believe that the cost of distributing and generating electricity in the United States does not vary very greatly from what it does here.

684. With regard to the auction clauses, and referring again to your evidence of 1882, you then stated that you did not consider we had enough knowledge for auction clauses?

I remember I was taunted by Mr. Michael, for it really amounted to that, I think you will find, who was cross-examining me on behalf of the gas companies, he said almost chaffingly, "I suppose you are not prepared for the sliding scale and auction clauses?" and I really rapped out that answer, more than gave it; I did it without sufficient reflection. If I had thought about it, I should have said, I am by no means clear about that; I will think about it.

685. Then we will not attach any importance to that point, because you say that really was not your opinion at that time?

I had not really devoted study to the subject.

686. One more point as regards the question of purchase. Of course, I am assuming that, supposing you could not have Bill No. 1, you prefer Bill No. 2 to Bill No. 3, on that point?

Yes.

687. You mentioned the possibility of an unfortunate company which, at the end of 21 years, was only paying 3 per cent.; do you think there is any serious risk of that occurring?

I do indeed. I think it is by no means unlikely.

688. Then do you think that under the most favourable conditions anybody would put their money into a concern of that kind?

Yes, I think so. If they are dealt with fairly, I think there are persons of sufficient enterprise and capital to do it. They will try it, and the public would benefit by it.

689. You think there are people who will put their money into it?

If they are dealt with fairly.

690. I mean under the most favourable circumstances?

Yes, I would for one.

691. With regard to your objection to the renewal of the purchase power every 10 years, supposing there was a purchase power, what would you substitute for the 10 years?

None. They should exercise the option at once or not have it at all.

692. That would practically mean that if the concern was paying at all at the end of 42 years the concern would be bought out?

I do not know what at the end of 42 years the public opinion would be upon it. I should hope not; but it is clear to my mind that the option of buying at recurring periods, so that if it succeeds it is to be taken away and not paid for properly, and if it does not succeed you may keep it, is a condition of unfairness in the face of which you never will get capital, and cannot get it. At the end of seven or 10 years imagine yourself to be investing capital and to be told "we were not bought in 1886, if you will put your money into it you may enjoy it until 1896," no one would do it.

693. As regards the question of purchasing as a going concern, to refer you once more to your former evidence, you said in 1882 you thought there ought not

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not to be allowed a claim for prospectus profits. Have you also changed your opinion on that point?

I do not remember whether I stated it or not; but certainly if I did state it I cannot imagine why I did it; and I have changed my opinion if it was then my opinion, which I do not think it could have been.

694. You said it three times?

I cannot pretend to account for it. It is clear to my mind if the matter is to be bought as a going concern, that the arbitrator should take into account profits which are likely to accrue.

695. Let me read the words you used which are these. "But let me say upon that, that I have not suggested that at the end of 21 years the corporation purchasing should pay anything for prospective profits or back dividends. I did suggest that it should pay for full profits made at the time"?

Having said that, I desire now to withdraw from it and to say in lieu of it, that in my judgment as to payment as a going concern properly understood, the arbitrator should take into account the prospective profits.

696. Lord *Rayleigh*.] Prospective profits in that phrase really means prospective increase of profits, I presume?

Yes, in that phrase, of course, otherwise if it were merely that the present profits were not to continue, it would not be worth much.

697. Lord *Houghton*.] Perhaps it would be fair to ask you what has made you change your opinion upon that point; has it anything to do with the condition of electrical enterprise, or is it a change of your views upon compulsory purchase generally?

My difficulty is, that I cannot conceive how I could have had that opinion at that time, and that being so I do not know why I have changed it.

698. Lord *Bramwell*.] I should like to ask you a question as to the profits. I am going to have a sort of auction with you. You have said that 10 per cent. would attract capital, do you think that 9 per cent. would?

I do not know.

699. What do you think. I will put the question to you that I put before; would it attract your capital?

Yes, I think it would; and I will tell you why. I am desirous of two things, one, making interest on my capital, and the other is of seeing the development of electric lighting.

700. Would 8 per cent. attract capital?

My capital?

701. Yes?

Yes, I think that would, but I do not think it would attract some indifferent men's capital who merely want a profit.

702. Would you advise a friend, say a brother, to embark his capital at 8 per cent.?

Well, if he was a wealthy man to whom it did not matter if he lost a little money, I might.

703. Lord *Houghton*.] One more question, as regards the success of the American installations; do you know at all what the average difference is between the price of gas there and here?

It is a very wide question. Considerable reductions are now taking place, but I think I should not be wrong in saying that in large towns in the United States the price of gas is generally more than double the average price of gas in England. That is my impression. That is to say, \$1.75 cents and \$2, and so on, is by no means an uncommon price for gas in the United States.

704. Could you tell us at all what the obligations are in America; are the obligations

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obligations of the same kind that are stated in Bill No. 1, is there the obligation to supply, and a provision against preference to one house over another?

I am sorry to say I cannot tell you really under what powers or restrictions these companies are exercising their industry. I cannot tell you that. I do know that they boast that their continuity of supply has never been interrupted but once during the number of years they have existed, but whether that is by an obligation of continuity of supply, or whether, as I rather gather it is, to attract customers by saying to them, "If you take electricity from us, you may rely upon having it day and night, and always without any failure," I cannot tell you, but I believe it is the latter.

705. Lord *Ashford*.] Are you talking about the Edison Company?  
I am talking of central stations.

706. Lord *Lingen*.] I understood you to say that you arbitrated the sale of Westminster Bridge?  
No.

707. Or Waterloo Bridge?

I said I was concerned in the arbitration, but I was not an arbitrator in that case. I was an arbitrator as regards several of those bridges, but in the case of Waterloo Bridge I was not. I appeared for the company before the arbitrator.

708. Was the clause under which you acted as an arbitrator as to the bridges the same clause which you read to the Committee?

It was.

709. Did you, in regard to any of those bridges, take into account their future increase or diminution of dividend, or confine yourself wholly to their then state in ascertaining their value?

My recollection is certain that the witnesses who appeared before us took into account those considerations, and as to whether there was a liability of decrease of the tolls. I remember, particularly, with regard to Waterloo Bridge, the Metropolitan Board of Works said, "Why look here, you had a considerable toll, you had an increase, and some man started omnibuses over the bridges, taking passengers inside for a penny, and see how your tolls fell off;" I know that kind of thing was urged before the arbitrator; that I have a distinct recollection of, and I feel very sure that the question as to the prospects of increase was entered into.

710. You acted, in fact, then as if this purchase clause which you read to the Committee did contain words that covered the future?

I think so. That is my impression; I think it does. I fancy it does.

711. Reading it quite cursorily and not at all committing myself to my version of it being the right one, I did not observe that it contained words which expressly, at any rate, went to the future; and when you said that this was a satisfactory clause to arbitrate under, I thought it possibly admitted the ground that you had arbitrated solely with regard to the present cost?

I rather tried to guard myself against agreeing fully that that clause was satisfactory. The Chairman put it to me once or twice, or so I understood him, that the clause was satisfactory to me. I think I guarded myself from assenting unreservedly to this. If it does not cover the question of future profits it would not be satisfactory to me. My impression is that it does, and I thought I read that it did.

712. Supposing that the purchase in some form or other was merely, for the sake of argument, admitted, should you think that it made a considerable difference as to whether the price was to be ascertained from the books over a certain period up to the present date, expressly excluding the future, or whether it was to include the future; would that make, in your opinion, a very great difference as to the acceptability of the clause?

(92.)

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Yes,

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[Continued.]

Yes, it might make a very great difference as regards the amount to be paid. Of course if the industry had reached as it were a point of stability, beyond which it did not go, it would not matter, but if the purchase was made at a time when it was obvious the undertaking was growing, so that the purchasers would come into a larger income very shortly, then it seems to me that those who were selling ought to have a certain amount given to them as compensation for that which they hand over. They are handing over a good will.

713. If purchase were admitted at all, it would be the object of legislation, as you cover some distant periods, to exclude all question of a doubt and dispute as far as possible, would it not?

I think so. I do not quite see what the "distant periods" have to do with it. I mean I would rather have people in doubt at distant periods than in doubt in my lifetime.

714. So far as I could make out, the point was not to leave them in doubt at all; suppose purchase were admitted and it were provided in the Act that it was to be the value of the concern as estimated by the books retrospectively over a certain number of years, but expressly excluding the future, that would reduce those parts of the terms to a question of simple certainty when the time came; it would be only to examine the books for a number of years, if so many years' purchase were to be given to the company, and you would know exactly where you were. If you leave the element as to the future in, that is an element of great uncertainty, open to dispute of every kind in the case of those large sums?

It works thoroughly well, and has worked thoroughly in these transfers. May I tell your Lordship what is done. A valuer comes before the arbitrator and he says, "two accountants have met and have agreed the accounts, and here they are, and I find that in the year (five years beforehand) the net profit was so and so, and I find that it has been steady, or that it has been increasing, and I have got the statistics of the population of the district, and I say to you that the present profit is so and so, and I claim 25 or 26 years' purchase. Now I say to you, judging by the past, in 10 years time the profit will be so and so, discounting the value of that to the present time, I then ask for a certain other sum in addition."

715. But the 10 years future is open to infinite dispute?

It is a matter no arbitrator practically finds any difficulty in dealing with. You hear the version of the other side, and you have got your own knowledge and experience in the matter, and it is done every day and there is no trouble about it.

716. Your view would be that purchase, if admitted at all, must take into account the future?

I think it is fair that it should.

717. Then there is one point about the central station, and how far it might be capable of becoming a nuisance. Is there a hint as to the distance at which the central station may serve a whole area?

A practical limit, does your Lordship mean?

718. Yes?

No doubt there is some limit, but what the limit is I am not now in a position to tell your Lordship.

719. Supposing there were a municipality for London, and that the municipality were to contract with your company, we will say for the lighting of London, assume that for a moment, could a single station be placed anywhere that would serve the whole of the metropolitan metres?

No; supposing it to be possible (and I doubt it), it would be most costly and disadvantageous. You would separate it; you would not make another Beckton.

720. Then you would want several?

You

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[Continued.]

You would want several, but as regards the question of nuisance, as I say, the nuisance is not anything to equal that which arises from an ordinary printing establishment. It was only a question about a man living in South Kensington, and putting a gas engine in his cellar, and his neighbour not liking it.

721. Lord *Methuen*.] There is, you are aware, no doubt strong objection at Paddington to the operations of the Great Western?

I am aware that it is so. I think they will not make that objection any longer. There have been such material alterations made there, that I think those objections would not be persevered in. That was an enormous affair.

722. Lord *Lingen*.] There is no nuisance with an electric station comparable to gas-works, is there?

Oh, dear no.

723. You call this the "light of luxury," but I presume your company would also contemplate lighting the streets at any rate as well as private houses; should you not, or should you?

We should be very willing, no doubt, to light the streets if we were paid for it, but I do not think that the corporation, or other authorities, paying for the lamps would be willing to pay the price which would render it remunerative.

724. In a new district would the comparison of the electric light with gas enable you to enter into something like reasonable competition with gas companies for the lighting of streets?

I am not prepared to say that it would at present. Gas in England is so cheap; in the United States they can, and do do that.

725. It makes some difference whether in appealing for public powers you only offer a light of luxury or a light of general use, does it not?

Well, I do not know that it should. You allow a gas company to lay down two mains, one supplying cannel gas, and the other ordinary coal gas; you do not object there to giving them the power of the light of luxury. We get cannel gas at the Athenæum at 3 s. 9 d., and we get gas there for 3 s. for cooking, coming out of two different mains. I cannot see any reason why you should not have given an independent company a main there.

726. I am putting this case; the electric light, as I understood you, from its cost compared with gas, would always be the light of a comparatively limited class?

I am inclined to think that that would be so. I think I should be deceiving the Committee if I were to express any other opinion except this. I believe its sanitary advantages are such that you will find it very largely used in tradesmen's shops, and in manufactories, but I cannot imagine its being supplied for the purposes of street lighting at remunerative prices in competition with gas. Whether it might be made part of the burden upon a company that, in consideration of certain advantages given to them, they should supply public lamps at a lower price, and not a remunerative price, would be for Parliament to say.

727. Lord *Methuen*.] Are public lights in America electric lights?

There are a great many arc lights as public lights in the United States. The Edison people have been lighting public lights by incandescence; but as I have explained, when I think your Lordship was out of the room, the cost of gas is there, I think, we may fairly say double, or more than double what it is in England.

728. Lord *Rayleigh*.] It has been urged that as the local authorities really provide part of what is necessary to conduct an electric light undertaking, namely, a way-leave under the streets, that some equivalent should be given

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back

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[Continued.]

back to them for that leave; have you any suggestion to make upon that point?

I should like to point out that they will get an equivalent, and a very considerable one. All the mains under the streets will be rated; the rates will have to be paid upon them, but if that is not thought to be enough, with my distaste to corporate undertakings, I would rather pay a way-leave. I would rather do anything than allow the corporation to get their profit by becoming traders.

729. Some of the witnesses on Monday laid some stress upon the inconvenience that would be likely to arise towards the end of any fixed period that might be described in an Act of Parliament, up to which the local authority should have power compulsorily to buy, namely, the inconvenience that would arise from the fact that the company might feel that everything they might do would be of a temporary character, that it would not be worth their while to introduce improvements, or conduct extensions of their business; do you attach any importance to that argument?

I attach a very great deal of importance to it. Depending upon the particular mode of compensation, that argument is more or less valuable; that is to say, suppose the mode of payment to be that which is in the present Act of 1882, or Bill No. 3, then obviously as the undertaking was approaching the time when it could be compulsorily acquired, no machine or engine that could be used would be discarded to be replaced by a new one, because nothing whatever would be got for the discarded engine or machine, it will be carried on as long as possible; and further, there would be this objection; supposing the company were earning a profit just too little to tempt the corporation to buy, the managers of the company might say, we are not going to spend our energies and capital in improving this and making the profit better, as this would be the very means to cause us to be absorbed.

730. The injury arising from that inconvenience would fall as much upon the public then as upon the company?

Certainly.

731. I need not remind you that in Bill No. 1 the electric undertakers would be under an obligation to supply electricity, whereas that obligation does not appear in Bill No. 2 or in Bill No. 3?

That is so.

732. Will you explain to the Committee how far you think that point important?

I think it is important, and it certainly puts the electrical companies in the condition of the gas companies, and therefore, as I say, makes an intelligible proposition, and imposes the same obligation.

733. I do not know whether you are in a position to give the Committee any information as to the state of the law in America?

No, I am not.

734. We hear it stated that Bill No. 1, for example, would constitute a new monopoly, what view did you take of that statement?

My view of it is, that it would rather go to impair an existing monopoly. At present if I want my house lighted by some illuminant distributed from a central source, I have only one illuminant to which I can go, and that is gas; if the electrical company were allowed to come into existence, I should have an option, and therefore, to my mind, so far from establishing a new monopoly it defeats a monopoly.

735. Lord *Ashford*.] I just want to ask you to explain a question that arose out of what Lord Houghton examined you upon; is there any definite standard way of finding out when a given district is to be lighted by gas what capital will be required for lighting that district?

No, you can only do this; you can only get the returns, see the number and nature

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[Continued.]

nature of the population, go through it in respect to the character of the houses, and then make the best estimate you can as to how many of these people are likely to burn gas, how many burners they will take, and so on.

736. That is the usual way in which it is done, is it?

Yes.

737. You are acquainted with Mr. Edison in America, are you not?

Yes.

738. He told me, when I saw him in America, the way in which they proceeded in their districts; can you give an account of the way which he pursued?

I know that they had what I may call house-to-house inspection, and had returns, promises, "doubtful," "won't," "take it," and that sort of thing; and I have seen those returns carefully and most elaborately prepared at the central office in Fifth Avenue.

739. He went round, saw the number of gas-lights used, counted the number of rooms, and the number of houses; then he sent his canvassers round to ask what number of persons would be willing to accept electric lighting, and so founded his estimate, did he not?

Yes.

740. And you remember, I have no doubt, the elaborate maps that were constructed of the various districts?

I do.

741. Will you kindly tell the Committee the kind of information that was contained in those maps; the maps of the City, for instance?

Those maps exhibited, according to my recollection, the individual houses, I think the inhabitants per house, and the rooms per house, if I am not mistaken, the number of gas-burners, and the number of hours during which they were burned, according to my recollection. I know they were most complete documents to enable a careful estimate to be framed as to the requirements.

742. Do you remember the number of central stations in New York?

At present, so far as I know, there is only the one.

743. Practically, I may take it there was no particular difficulty in finding out the approximate amount of capital that would be required for the electric lighting of a given district?

I believe not; here are 41 of them, each with its capital. When I answered that there were well known rules with respect to gasworks, I had not in my mind any in relation to the capital needed for a new district to be lit, but I intended to convey that there were well known rules by which you could say, supposing so many millions of gas are required, what the capital would be in relation to the millions of gas.

744. One question more upon another point. Do you not think that in the future the distribution of electrical power or electrical energy will be quite equally important with the distribution for lighting purposes?

I do not know; there are other modes of distributing power, and I do not know whether those other modes may not compete successfully, both water under pressure and compressed air are such means; and I should like upon that to say that there is Birmingham, with its Compressed Air Bill, which has just these purchase clauses in, and so on.

745. Which purchase clauses?

The purchase clauses of the Act of 1882, practically.

746. Do you mean that the compressed air is treated more hardly or less hardly than electric lighting?

As hardly as electric lighting. I mean this kind of legislation has got into a recent Bill with respect to the distribution of power by compressed air.

747. *Chairman.*] Still it is only a Bill, I understand you to say?

It is an Act.

(92.)

M 3

748. You

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[ *Continued.* ]

748. You said a Bill ?

I did; I used the term inadvertently.

749. Lord *Ashford.*] I rather want to elicit from you your opinion as to the electrical energy which for mechanical purposes would be used, and whether it would be necessary to make any provisions in an Electric Lighting Act ?

As I say, I do not know how that may be, having regard to the possibilities of the use of water pressure and of compressed air, but I should think there would be the same of provisions made as are made with water companies. I do not mean the high-pressure water, but the ordinary water companies; there is a difference between domestic use and non-domestic use.

750. What was in my mind was whether, as compared with 1882, there is a greater probability of the development of the demand for electrical energy to be applied to mechanical purposes. The reason I am asking you the question is this, larger conductors would be required, and a different sort of installation would be put down if electrical energy were required for other purposes as well as or in addition to lighting ?

Yes, I have not studied the matter, and I am not able to answer your Lordship's question as to that.

751. *Chairman.*] You proposed just now to establish the principle of a sliding scale for electricity ?

Yes.

752. And if you establish the principle of a sliding scale, it follows, does it not, that everything depends upon your standard price ?

Yes.

753. Therefore you must be very very careful in fixing that standard price ?

Yes.

754. And if you were to put the standard price at such a figure that it should yield 13 or 14 per cent. interest to the companies, or whoever the private persons might be, that would not be a good arrangement for the public, would it ?

I am not clear upon that; you must, in any event, as it appears to me, establish a maximum price.

755. A standard price ?

I am trying to put this to your Lordship; if there is no sliding scale you must establish a maximum price; in a Provisional Order, if there is no sliding scale, there must at all events be a maximum price.

756. Are you speaking now with reference to one of these Bills ?

No, I am speaking of a Provisional Order.

757. I was merely taking what you yourself considered to be the best mode of establishing a system for regulating the price of electricity ?

Yes, and I was endeavouring to address myself to that question. Your Lordship puts it to me, will not the public be damnified if there be fixed a standard price which is too high.

758. Yes ?

As an objection to my suggestion as to the sliding scale.

759. No ?

Then I have not followed your Lordship's question.

760. What I meant to say to you, and what I did say, was this (no doubt I said it not quite clearly), I said that in fixing the standard price you must be very particular, because if you fix that price too low you will give an unduly high rate of interest to the company ?

No, it is the other way.

761. Quite so; of course if you fix it too high, you will give an unduly high rate

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[Continued.]

rate of interest to the company; then if you fix it too low, what will happen?

Then you do not give the shareholders a sufficient return for their outlay.

762. Quite so, but you must be very careful not to fix it too high, must you not; I am looking at it now from the consumers' point of view, that is to say, the point of view of interest?

I must again ask you to let me compare it with something; with the condition of things where there is no sliding scale. In that case there must be a maximum price. You must be very careful not to fix that too high, but if you have a sliding scale you need not be so careful not to fix the standard price too high. I do not know whether that answers your Lordship's question. In those Provisional Orders sanctioned by Parliament there was a maximum price, as your Lordship is aware.

763. I will tell you what is in my mind, if this will guide you in your answer. What is in my mind is this: If you make a mistake in fixing your standard price, and fix that price too high, that is a serious thing in the public interest; for instance, you have told us that you wish to see electricity put upon exactly the same footing as gas?

Yes.

764. If my memory is correct, was not the standard price in London put at 3s. 9d. or 3s. 6d.; you will correct me if I am wrong?

I think there are two or three prices in London.

764\*. I think I remember that it was so; the initial price was put high, and too high. If you ask me why, I will tell you. But the result of that has been that the gas companies are dividing 12 and 13 per cent?

Where the original per-centage was 10.

765. Therefore, I say, do not you consider, looking at it from a public point of interest that was a mistake in that instance; and there is an illustration for you; you fix the standard price too high, and fixing it at the price at which you did fix it, you made a mistake?

I do not know.

766. You say you do not know. That is your answer.

I say I do not know, and now I want to put this to your Lordship. It is inevitable that when the Provisional Order receives the sanction of Parliament, if there were no sliding scale, a maximum price must be fixed. You would not, I presume, allow the company to go to work without the restriction of a maximum price. It clearly has been found possible to fix the maximum price, it is therefore possible to fix a standard price, with this difference in favour of the public, that it will not be as harmful to the consumer to make an error in fixing a standard price, as it is to make an error in fixing a maximum price, which you would be compelled to do, even where there is no sliding scale.

767. Now, let us leave the maximum price alone altogether, because what is in my mind is the sliding scale, and the sliding scale only. Would it not be in your opinion a mistake in the public interest to fix the standard price too high?

Yes, the question contains its own answer; if it is too high it is a mistake.

768. Exactly. Now with reference to this question of electric lighting; do you apprehend that we shall have the electric light much cheaper?

No, I do not see why.

769. You think not?

At present I do not see how it is to be.

(92.)

M 4

770. Has

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[Continued.]

770. Has it become much cheaper since the year 1882?

I am not sure whether there has not been an improvement made in the dynamo since then, which may to a certain extent have cheapened it; but I am prepared to say that that is an improvement which could not continue to progress, because the absolute limit has been so nearly reached.

771. If in the year 1882 you had introduced the principle of the sliding scale, what is your opinion that the result would have been. There would have been more companies in existence at this minute, I presume, would there not?

No, not with the Act of 1882 in existence. If I were to take the Act of 1882, I say, no, not one.

772. Owing to the terms of purchase?

Yes.

773. Let us take 1882 then. Suppose you had passed an Act such as you propose to do, with that principle of the sliding scale embodied in it, do you think that that would have affected the number of companies?

I do not think it would. I do not think the shareholder cares so very much about the sliding scale; it has worked well, no doubt; I look upon it as an incentive to economy in the interest of the consumer.

774. On very favourable terms to the public?

I look upon it as very favourable to the public.

775. Do you think that the delay which has occurred in consequence, as you say, of the restrictive legislation, has done great harm to the metropolis, or to England, looking at all the circumstances which were connected with electric lighting in 1882, and since?

I think it has thrown us back for four years, and I think it has caused certain private installations to have been made which it is a great pity should have been made, and which are withdrawn from the supply of the companies.

776. There was a great rage for electric lighting, if I remember right, about that period, was there not?

Yes, there was.

777. Do you not think it most probable that this Act of 1882 was, at all events, the means of saving us from losing a great deal of money at that time?

I do not see why. The Stock Exchange I have of course nothing to do with, and know nothing about, but in all those cases where companies had subscribed their capital and gone to work, I do not believe that money would have been lost; in those cases, where companies did not subscribe the capital, or go to work, then the Act has not operated.

778. If a favourable Act had been passed, do not you think that at that particular time there would have been a very considerable amount, or a much greater amount, of inflation even than there was at that period?

I hardly know what your Lordship means by inflation.

779. Let us say anything that you like, more bogus companies if you like, to put it so, or more speculation?

I cannot understand how there can be a bogus company that gets the sanction of Parliament to light a certain district, and is compelled to deposit a certain amount of money, because there is assigned to that company a particular district, and it is compelled to deposit the capital and go to work; it must do it within a given time; if it does not there is an end of it.

780. You say that you are altogether opposed to a purchase after terms of seven or ten years in all questions of capital, do not you?

I say that they are prohibitive of new capital; that is what I call (as a convenient phrase) the recurrent period of option.

781. You

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[Continued.]

781. You express yourself entirely in favour of Bill No. 1, and entirely against Bill No. 3, I think?

Yes.

782. Supposing neither of those Bills were to pass, what should you say with regard to Bill No. 2, containing, as it does, compulsory purchase, to which you object, and purchase "as a going concern," of which you approve?

I should say that I would infinitely rather have it than nothing. I would rather have it than No. 3 Bill, which, to my mind, is nothing; that is to say, it is simply the present Act in another form, but I would rather not have it as compared with No. 1. There is one matter that I should like, if you will pardon me for two minutes, to go back upon, and that is the sliding scale. I think I did not make myself clear to you about the sliding scale and maximum price.

783. Lord Houghton.] I will ask you a question upon the point, perhaps you will be able to answer it and say what you want to say also at the same time. What was the cause that that maximum price was fixed. Was it not the case that it was fixed intentionally high and extremely high in the interest of the electric companies?

I do not think so. I know the thing was fought out farthing by farthing, and evidence given upon it on both sides.

784. Was it not the case when those Provisional Orders were asked for that the promoters said that the price was no doubt a high one, and that they hoped very soon to supply on the same terms as gas?

I do not remember that they did say so. I cannot conceive any possibility of supplying it on the same terms as gas. That does not answer what I wanted to say to the Chairman, which is this: When there is a special Act of Parliament passed, under whatever general Act your Lordships determine upon, it will be a necessity that, if there were no sliding scale, the maximum price would have to be fixed. If that maximum price is fixed too high, then again the question contains its own answer, it is a thing to be regretted; but supposing instead of its being a maximum price it is a standard price of the sliding scale, I want to point out to your Lordship that it is not as bad for the consumer to have an erroneous standard price as it is to have an erroneous maximum price.

785. Chairman. Of course not?

That is all I wanted to point out to your Lordship, because with the erroneous maximum price the Company can charge up to it, and so long as they do not exceed their maximum dividend, they may charge up to it, but they have no incentive to improve or to effect economy, whereas if that price is changed from maximum to standard, although it may be the identical price, the company then have got every inducement to economy in order to supply below the maximum, and increase their statutory dividend.

786. Lord Houghton.] The Government have no wish to limit the dividend or profit at all. The object of the Government is that it should be possible for the electric companies to get their whole capital back within the 42 years?

Yes, I have not said it before, but I should like to say it now. Imagine an industry of this kind competing with existing gas companies, and being gravely told that they may charge such a price as to enable them to get back their capital in the time limited. It is clear to my mind that those who suggest that cannot understand what the difficulties are. The electric lighting companies will have to go down to the lowest price to obtain custom.

787. You said just now you thought Bill No. 3 was no advance at all on the present Act. Do you mean to say it makes absolutely no difference whether you have 42 years to work a thing in, or 21.

I really believe, for the purposes of the electrical lighting undertaking, that it does not practically make any difference, and for the reason I have given, that it is not like an undertaking such as a canal or dock, which is done all at once,

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and

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[Continued.]

and the capital called up all at once, but that it must be an undertaking to be developed, and therefore the 42 years does not apply to capital which comes in at a later period. That is the reason I have for saying so. Of course it would be idle for me to say that 42 years and 21 years are the same thing, but, having regard to the increase of capital, I think No. 3 Bill is one that will most certainly fail to attract capital, or to allow electric lighting to go on.

The Witness is directed to withdraw.

*Ordered*, That this Committee do adjourn to Monday next,  
at Eleven o'clock.

*Die Lunæ, 17<sup>o</sup> Maii, 1886.*

L O R D S   P R E S E N T :

Earl COWPER.  
Earl of CAMPERDOWN.  
Lord ASHFORD.  
Lord BALFOUR OF BURLEY.  
Lord RAYLEIGH.  
Lord WIGAN.

Lord METHUEN.  
Lord HOUGHTON.  
Lord WOLVERTON.  
Lord BRAMWELL.  
Lord LINGEN.

THE EARL OF CAMPERDOWN, IN THE CHAIR.

MR. JAMES STAATS FORBES, called in ; and Examined, as follows :

788. Lord *Rayleigh*.] You are Chairman of the Edison and Swan United Electric Light Company, are you not ?

Yes.

789. And Deputy Chairman of the Telephone Company ?

Yes.

790. Are you acquainted with the three Bills which are now before the Committee ?

Yes, naturally in my capacity as Chairman of the Edison and Swan Company, I have had to consider them with some care, and by the light of the experience, which has been gained since the original Act was passed.

791. Will you state to the Committee generally the objections which you entertain to the Act of 1882, and also your views as to the modifications required in it in order to make electric lighting practicable ?

The principal objection to the Act of 1882 seems to be this, and I think it is enough, that if you want electric lighting you will not get it under the Act of 1882 ; I mean to say that you will not get it out of any private enterprise.

792. Lord *Bramwell*.] But you had better tell us why ?

Because of the terms of the Act.

793. Will you explain that a little more in detail ?

Of course I found my opinion upon what I have to do. I have to try to induce people to find money to carry out the Act, and I cannot find people who will find money to carry out the Act because of the terms of the Act, and principally because of those terms which are contained in Section 27 as to resumption by purchase. Therefore I say that if you want electric lighting you will not get it under this Act, according to my conviction, except upon one hypothesis. If the benefits of electric lighting in the public interest are so great that the public must have it, then the public must pay for it through

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MR. FORBES.

[Continued.]

some authority, a department, or a local board, or something of that kind. Short of that you will not get it upon the terms of the Act of 1882.

794. *Chairman.*] In your answer you used the words "resumption by purchase;" do you mean that you cannot obtain the money because the undertaking is liable to be purchased, or is it because the length of the concession is not sufficient, or is it a mixture of those two considerations?

It is a mixture of the two. The term is too short, and the conditions of resumption are not such as any prudent man would accept.

795. *Lord Rayleigh.*] Is that opinion founded upon actual attempts to raise capital?

That opinion is founded upon attempts to do it. We have tried, having already before the passage of that Act entered upon electric lighting, to see whether the Act was workable, and we failed.

796. In what direction do you consider that it is necessary to modify the Act of 1882 in order to render possible the raising of capital?

You have to consider the position. Electric lighting is quite undeveloped; it is not like gas, or water, or railways. You have now arrived, by experience, in either of those industries, at something like a normal state of things; you can calculate, with some reasonable probability, that your calculation is founded upon a sure basis. That is not in the least the case with electric lighting. Then, of course, if you go on, that involves going on with a very large speculative element in the calculation. Everybody knows that against great risks you must have great securities, and great inducements; now the Electric Lighting Act of 1882 does not cover that position, and until it does I do not think you will find capitalists going in for electric lighting.

797. To balance the considerable risks you think that there must be a possibility of considerable profit?

Yes, and a very considerable possibility, too. Then you have to consider how these things must be worked out. It is an entire delusion to suppose that now-a-days the public, as the public, will take up a thing of this sort; they will not do it; the public will buy a loaf of bread when it has been converted through many processes into a loaf bread, and they will buy railway or gas shares; but they will not buy a thing which is in the clouds; therefore you have to go into a thing of this sort with capitalists, and the capitalist becomes the master of the position. When the capitalist sees his way out of some elements of prospective value to make a going concern, and has tested it in practice, then he sells it. I have got to do with capitalists, people who have incurred so far the risks involved in electric lighting or one portion of them, not an unimportant body of men as individuals, who not only have the means, but who, from having followed business of this sort, involving commercial risks, know very well what they are about. When you have got a concession, an Act of Parliament, or a Provisional Order, you have to take it to the people who will convert it into a tangible property. The public will not touch it; therefore you have to go to skilled capitalists. I have been to skilled capitalists, and I can find no encouragement of any sort to go on with public electric lighting upon the terms of the Act of 1882, because, as I said, the term is much too short to allow of a probability that the normal value of the business will be developed; and, secondly, at the end of the term the conditions of resumption are such as no capitalist will look at.

798. *Lord Bramwell.*] By "public electric lighting," you do not mean lighting the streets merely?

I mean public lighting under the terms of a concession, as in the case of a gas company.

799. For the supply of private houses and otherwise?

Yes, by a public supply. Of course, it is open to us as a company to instal individuals or factories or theatres privately; but for public lighting, either of the streets or of private houses, or other consumer, this concession will not do.

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800. Lord *Rayleigh*.] Then, if the terms offered by the existing Act are not sufficiently favourable to capitalists, what changes in those terms do you consider are required in order to give a fair prospect of attracting capital?

I should, of course, like to make the term as long as possible, so that you may really ascertain the normal value of the thing; and by "normal value," I mean the value when you have had time to develop it, including all improvements. I do not think that is likely to occur in these things in 20 years.

801. But, even if the period were sufficiently lengthened, would you then be satisfied with the terms of purchase under the existing Act?

No, nor do I think that the terms of purchase under the existing Act are very likely, *plus* the beneficial occupation for a term of years, to carry out what I understand the underlying principle of the Government to be. The noble Lord (Lord Houghton) said at Question 786, "The Government have no wish to limit the dividend or profit at all; the object of the Government is that it should be possible for the electric companies to get the whole capital back within the 42 years." This means, of course, that they shall get not only their whole capital back, but a reasonable profit during the whole term of the 42 years. Of course, the resumption of the going concern on the basis of paying for the material would not do. It is no good enunciating general principles; one grain of fact is worth a good deal of theory. Here are the accounts of the company in which I am interested, who have spent up to this moment in electric lighting 305,000 £.

802. Is that the Edison and Swan Company?

That is the Edison and Swan Company. They have not hitherto divided one shilling of profit. They have been groping their way for a number of years as to the principle, and the method by which central lighting is to be done. Supposing that they were now at the termination of their concession, and on the basis of that Act to be resumed by a public authority; the value of the plant is 28,850 £; therefore they would have had all the risks, all the labour, all the application of inventive faculty, and they would have been without interest; and for 28,850 £. they would hand over a business which had cost them 305,000 £., *plus* loss of interest, during the whole term. Whenever anybody tried to go into the City with your Act of 1882 to raise money, the people to whom you were applying would know all this, and they, of course, would not touch it. You have got to face that.

803. *Chairman*.] Of course you are assuming in the answer that you have just given that the 305,000 £. has been laid out economically and well?

No, because in bringing such an invention as electric lighting or any other great invention to a practical commercial value, you cannot say that money is economically or well laid out according to the present experience. I say that it is reasonably and fairly laid out, but I cannot say that it has been laid out wisely, because a great deal of it need not have been laid out if we had known what we know now. But it is a part of the cost of getting where we are now; and if we had not spent the money in that way we would not be where we are now.

804. When you say that it has been reasonably and fairly laid out according to the present experience, do you mean that it is now cheaper to make the electric light than it was?

When I come to deal with the responsibilities of developing this business, though it is not my business to teach public bodies their business, yet, as a member of the public, I may say something about it; but here is a case as to the money having been economically and well laid out. We have actually now in stock some dynamos, most efficient dynamos, for which we paid 2,000 £. each. We can make an equally efficient dynamo now for 200 £. Now we have, I think, eight of those dynamos; there is an expenditure of 16,000 £. upon what could be obtained now for 1,600 £. Would you say that, according to the present experience, it was wise to give 2,000 £. for a dynamo which you could now get

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for 200 l.? Of course, you would not; you would buy those dynamos which are now to be got for 200 l.

805. Then if you can get dynamos now very much more cheaply than you could, I suppose you intend me to infer that to that extent, at all events, the electric lighting would be cheaper now than it was five years ago?

No doubt to that extent, and that will also illustrate the injustice of taking a thing over at what you may call current book value.

806. Lord Wolverton.] How much of that amount of money which you have mentioned has been spent in buying up other companies?

We have not bought up other companies. All that we have done is this: Finding two Richmonds in the field, Mr. Swan, an eminent English inventor, and Mr. Edison, an eminent Canadian inventor (I must claim him as coming from Canada and not from America), both opposing each other, both having valuable inventions, we put them together; but we only brought into the joint account what we considered had been fairly and reasonably spent in bringing the matter up to the point where we started.

807. Chairman.] I understood that the 305,000 l. had been actually spent in constructing the electric light; that is apparently not the case; from your answer I now gather that the 305,000 l. includes the payments, whatever they were, which were made to Mr. Swan and Mr. Edison?

You will see in the heading, on the credit side of the account, the whole story; "Preliminary expenses, &c., &c., &c., &c., &c., up to the formation of the company."

808. I see here "By cost of patents, by preliminary outlay, by loss on working," and the whole amounts to 301,000 l. within a fraction?

Yes.

809. How much of that represents cost of patents?

Sixty thousand pounds to Mr. Swan.

810. How much was paid to Mr. Edison?

If you look on the opposite side of the account you will see that, in addition to the share capital of the Company, which is entitled to a preferential dividend out of profits of 7 per cent., there is a deferred capital to be issued to Mr. Edison. Mr. Swan was so far wiser than Mr. Edison that he got money down.

811. You say that Mr. Edison's payment is in deferred capital, and Mr. Swan's was in money?

Mr. Swan got 60,000 l., and you will find on the other side of the account, "Fully paid-up shares."

812. Eighty-five thousand pounds in fully paid-up shares?

Yes; part of the fully paid-up shares went to Mr. Swan and part to Mr. Edison.

813. That makes the cost of the patents 145,000 l. altogether?

Yes.

814. And then, besides that, there are the B. Shares?

Those are deferred, and those carry a dividend out of the profits of the concern, after paying 7 per cent. upon the other capital; therefore, Mr. Swan got 60,000 l. in money, and a certain proportion of fully paid-up shares; and Mr. Edison got a certain proportion of fully paid-up shares, and deferred shares to come upon the profits after 7 per cent. has been paid upon the other shares.

815. Will you put this statement of accounts in?

Yes, it is public property, and I think it is material that your Lordships should thoroughly understand this business. (*The statement of accounts is handed in.*)

816. So that, in fact, out of this 300,000 l. there is the sum of 145,000 l.,  
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(that is to say, 85,000 l. and 60,000 l.), which has been actually paid to those two inventors?

Yes, for their patents.

817. There is a second heading which is called "preliminary outlay"; how much is to be ascribed to preliminary outlay?

I shall be very happy to hand in an analysis of it.

818. I think it is very advisable that that should be done. There is "preliminary outlay," and then there is also "loss on working." I think it would be as well if you were to hand in to us an analysis of the figures under that heading, which come to 311,000 l. in all?

You will find how it arises. A great deal of it has been paid for patents.

819. Still I think it would be better if we had the figures?

If your Lordship pleases, I will make an analysis and let you have the figures. But I should like you to understand what the character of the items is. A patent is a property. Without a property in the patent you cannot establish electric lighting. If you want to establish electric lighting you must either pay a royalty, or buy the patent. Is it a part of the cost of electric lighting? If I were before an arbitrator upon the question of what the price was at the present moment, I should say that it was part of the cost; but I am not before an arbitrator upon that question, and I am not going into an enterprise where I am left to an arbitrator to settle that question.

820. Then might I ask you this further question: The patent, of course, expires in a certain time?

Yes.

821. You say that you ought to purchase a patent at so many years' purchase outlay which it represents, as in these accounts?

No; but in estimating the value of the business, I should say that if you had paid such an enormous sum to found a business, it should be considered as part of the cost of the business.

822. Lord *Rayleigh*.] I suppose that in any future electrical undertaking there would necessarily be large elements of cost which could not be represented by the value of the plant at the end of a term of years?

The value of the plant at the end of a term of years is pretty well illustrated in that paper. It is quite absurd to talk about the cost of the plant as representing the value of the business at the end of a term of years, and particularly a short term.

823. But I meant as representing the cost of establishing the business?

The cost of the plant is only one element in a combination which is very costly. For instance, you have heard of Provisional Orders. Having got an Act of Parliament, you cannot at once go to work under it; you have to come for Provisional Orders. You cannot get Provisional Orders without an enormous expense; you have got all the professional gentlemen, all the legal gentlemen, to pay. You cannot found a business without advertisement, without innumerable expenses which are perfectly well recognised in any business whatever. They are as much a part of the cost of a business as the plant with which you supply the demand.

824. That being so, I gather that your opinion is that no compulsory purchase under provisions corresponding to those of the existing Act, or the No. 3 Bill as now proposed by the Government, would meet the difficulties of the case?

No. I think, if I may be allowed to say so, having studied this matter, that you must take these Bills in order of their merit for my purpose. I do not at all wish to undervalue the position assumed by the Government in trying to protect the public; but after all, when you have assumed everything in the matter, however excellent the motive may be, if it is not a practical thing it is no good. What I say about this Bill No. 3, which is only an extension of the Electric Lighting Act,

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is that it is no good for my purpose. I have tried to illustrate why it is no good. The term is too short, and even if the term were long enough, the conditions of resumption are such as no prudent man must look at. Then the next Bill, No. 2, removes my difficulty, because it talks of resumption at the end of a longer term, as a going concern. Well, I do not dislike that; but then I like something better, and the other Bill, No. 1 Bill, is a better Bill in some senses for me. I think that it is a great deal better Bill for the public; but I have not anything to do with the public at this moment. It is a better Bill for me in some senses, and the only sense in which it is not a better Bill for me is that I am made better by the second Bill at the expense of the public. I will try to explain that. After all, inventions have to be developed at a great cost in money, in invention, in plant, to make up the element of going on; and when you have got it to perfection, something better comes up. Supposing that I am speaking only for a company (as probably I ought to be), then I should say, very well, No. 2 Bill, or the principle of it, exactly suits me. Let me have such a term as gives me a reasonable chance of developing this thing into efficiency; efficiency means economy, and economy means profit. If the term be long enough to ensure that, and to insure one or two other things; to wit, a reasonable return for my capital and exertion during the whole period of the term, and not for the last half or quarter of it, that will do. I will shift this on to somebody who will take it at its value as a going concern, and will take with it all the risks of its being superseded by something better; I am out. Is that wise for the public? I do not think it is.

825. You are speaking now upon the hypothesis that the undertaking is bought by the local authority?

Yes, that it will be bought.

826. Lord Wigan.] The purchase is optional under any of the Bills?

Yes, it is only optional.

827. On the one side?

Yes.

828. Lord Ashford.] The value of your answer depends upon the option being exercised?

Yes, entirely.

829. Lord Rayleigh.] So that in that respect you think that No. 2 Bill offers greater attractions to the capitalist than No. 1?

Bill No. 3 is of a repellent character, and not attractive; no capitalist would touch No. 3. I think No. 1 is a workable Bill, and has advantages which Bill No. 2 has not. It gives the public greater protection, and, taking the gas analogy, it gives the undertakers the strongest inducement (I am afraid almost the only inducement) to develop for their own advantage, and as much for the advantage of the public, a liberal return of interest, and the possibility of increasing that interest as the condition of reducing the price. Now, I cannot imagine anything more calculated to bring electric lighting rapidly to perfection and general use than conditions of that sort. You have a positive inducement to go on as rapidly as possible, and with the inducement of gain to improve; your improvement flows in the direction of benefiting yourself and the public. I am not quite sure that No. 2 Bill contains that inducement; and looking at the matter all round, having had to deal perhaps as much as any man in England with the question of how this capital is to be obtained, I have come to the deliberate conclusion that No. 1 Bill is the Bill most calculated to achieve the object in the interests of the public as well as of the companies, because there you get regulation of price, inducement to perfection, and security.

830. Chairman.] When you prefer No. 1 Bill to No. 2 Bill in the interests of the public, do you mean that under the No. 2 Bill, in your opinion, the capital would not be found?

I do

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I do not say that in my opinion it would not be found; I think it might be found; because the Bill contains the conditions which I have insisted upon, in a form more or less favourable; you get length of tenure and you get resumption at the equivalent value. That you do not find in the Government Bill No. 3.

831. Lord *Rayleigh*.] Then your preference for No. 1 Bill is founded quite as much upon your view of the public interest as upon the attractiveness of the Bill to capitalists?

I think so. I think it is a very bad thing for a public body to enter upon industrial enterprise at all. I am quite sure that, as a general rule, they cannot do it as well as private persons, because they have not the same inducement. The love of gain is the motive power, and the love of gain as a motive power is much more rapidly and fully developed in people who immediately benefit by it than in (I speak with great respect) an official department of any sort which has no interest in it. That really is the underlying principle. In England we have developed industries much in advance of other countries, because we have been left free to do it in an open fashion. Further, I do not think myself that it is very wise in a Government Department to undertake to do what they cannot do as well as private enterprise, because, as a department, they are trammelled.

832. Lord *Ashford*.] By a Government department, do you mean a public body?

A Government department or any public authority. I know that public bodies are under influences in the administration of commercial enterprise which a private company does not care about. I have had something to do with working enterprises abroad where public departments enter very largely into our daily life, and a public department gets monstrously frightened by a question being asked in the Chamber, or by a little pressure being put on by an influential member, which, so far as I am concerned as a private undertaker, does not in the least affect me; but it puts a public department in a state of uncomfortableness.

833. Lord *Houghton*.] When you speak of a public department, you mean, I suppose, a corporation, or a local authority?

Yes, I would even say a corporation, or a local authority. I am talking of what we get abroad, namely, Government railways, with which I am very familiar.

834. Lord *Ashford*.] You include all public authorities, whether local or governmental?

I mean all local authorities, or any authority which depends upon the concretion of the elective principle.

835. Lord *Rayleigh*.] Is your objection to local authorities undertaking industrial enterprises founded only upon your opinion that they do not carry them out so economically and successfully, or have you any other objection?

I think that in the public interest it is a little unwise; I think you do not get the thing developed quite so rapidly or so fully under a public department or public body as you do under private enterprise, because the main motive is wanting. And then they incur a certain amount of risk. I am quite sure that the Committee take a deep interest in this question. It is a question a little larger than the immediate question of the Swan and Edison Company, or of any particular lighting company. If one has theories or convictions, one tries to fit them into one's experience. Supposing that I give an illustration: I know a public department which is administered, I suppose, as capably, and I am sure as disinterestedly, as it is possible to conceive. Now, the public want a particular thing done, and a great number of people set about doing it, and at last, under the influence of modern *doctrinaire* teaching, the public are seized with a notion that they had better let a Government department do this business. The Government department proceed to do it, and they do it under a condition of safety which the public will not vouchsafe to any private enterprise; an absolute monopoly. Why? Because the *doctrinaire* says, This is the public interest.

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They go on, and they begin a particular branch of this business; they equip, take over, expend an enormous capital; after a term of years, they find a very serious competitor in the field. They have invested their capital in a going concern, and they are face to face with something that imperils their going concern. What do they do? Is it to be conceived that a public department working in the interests of the public, would descend to anything so purely commonplace as the protection of their investment? One would hardly believe it possible, particularly when it is apparent that the new invention is one which is greatly in advance of anything that they can offer to the public. Public departments are worked by mortal men, and they do get impressed with the idea that it is their duty not to let in competition, and therefore they proceed to impede it, obstruct it, and impose penalties upon it, until at last it becomes so strong that they are obliged to buy it; and they buy it. Therefore they have got that on their backs in addition to all the capital which they have expended upon the first machine. They go on for some years with that, and I am not saying that the purchase of the second thing was not an absolute necessity, and might not have been considered, not as a competitive, but as a supplemental machine. Now they are face to face with invention No. 2, which interferes enormously with the value of their purchase of No. 1. What do they do? They protect the revenue by doing what? By opposing, obstructing, and doing everything they can to kill the competition. Is that in the interest of the public? I am stupid enough to believe that it is not.

836. *Chairman.*] Has your answer reference to electric lighting in this matter?

It refers to an enterprise exactly on all-fours with it.

837. *Lord Rayleigh.*] Will you tell the Committee exactly what the department is to which you refer, and what the enterprises and inventions are?

I am dealing with a typical case. I know this department, and what I particularly want to guard against is attempting to throw the least discredit upon a public department; but what I say is, that public departments get into positions which are very dangerous for the public, because they make themselves insurers of particular methods of doing things.

838. *Chairman.*] But has your answer reference to the action of public departments with regard to inventions in general, or has it reference to the action of a public department or of corporations with reference to this matter which is before the Committee, namely, the question of electric lighting?

A question exactly on all-fours with it.

839-40. Do you know instances in which a public department, or a corporation, has proceeded, as you said, to impede electric lighting?

Not electric lighting, but other electrical processes. I am judging by analogy. I do not know what a public department are going to do in this particular matter, because they have never had the chance; but I know what they have done in another matter which is exactly analogous.

841-45. *Earl Cowper.*] A corporation would not have anything like the power of a public department of crushing a new invention, and doing all this which a public department of the State has the power to do.

I think, if may venture to say so, that the things are almost analogous. It is a risky undertaking. They spend capital upon a particular means of doing a particular thing; and when they have spent that capital something else arises which does it better.

846-47. *Lord Ashford.*] But there is no suggestion in this Bill that the Government should take up the electric lighting?

No; but you may infer from what one public department does, what another public department is likely to do under like circumstances.

848. And therefore they were saddled with a disadvantageous property?  
Yes.

849. And

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849. And that you say might be true of any corporation?

Yes; but there are two evils arising from that. First of all, the public body become insurers of the particular way of doing the thing, and that is not the worst of it, they become obstructive to a better way of doing it in order to protect themselves. There is a practical illustration, and what I am afraid of is that if the powers of local bodies, whatever they are now, become, as they probably will be, extended, we may find in 10 years that the local authorities in the great centres of England have almost the powers of a public department. Supposing that they invest in industrial enterprises, and that when they are well invested something better turns up. What will they do? Is it not probable that they will do what a great public department not subject to such small or local influences have done?

850-51. Lord *Rayleigh*.] The application of that to the example now before us, I presume, is this: that those corporations which have invested the money of the ratepayers in gas undertakings appear in some degree as opponents to the introduction of electric lighting?

I suppose that a corporation that has invested its money in a gas undertaking is in fact a gas company without the inducement to do what a private gas company does, because it is less open to the influence of the love of gain. But what they will probably do is what gas companies do; that is to say, that they will not look with a very favourable eye upon electric lighting, or some other competitive means of doing what they are now paid for doing.

852. Is there anything else that you wish to put before the Committee?

Now, coming back to the other portion of the Bill, viz., the position of the legislation under the existing Act, I have only to repeat what I said before, that unless that legislation is materially altered, I do not think there is the slightest chance of getting public electric lighting. That means terms of purchase, if purchase is to be insisted upon, because Bill No. 2 involves the principle of compulsory purchase. Bill No. 1 involves the principle of purchase by agreement. The acceptability or not of compulsory purchase must turn upon the condition of the purchase. What ought the conditions of the purchase to be? Would you like to leave it to hinge upon some ambiguous words; or would you like to express in the Act of Parliament itself, or in the Provisional Order, the conditions upon which a public authority of any kind may (or rather, not may, but shall) at the end of a particular time at their discretion take you over? I do not know whether any noble Lord has ever seen one of these Provisional Orders. Here is the Provisional Order for lighting Victoria Station and District. We had innumerable discussions first of all upon the principle of the Electric Lighting Act, and I feel bound to bear my testimony to the pains that were bestowed upon the formation of that Act by the Board of Trade, from the President downwards, and the enormous labour which they took to arrive at correct principles; and I am also prepared to do a little penance. It is not the fault of the Board of Trade that the Act stands as against what I may call the promoter in a manner so unfavourable as it does now. We were all mad at that time about electric lighting, and about the value of it; and it was the enormous competition of conflicting inventors, or promoters, that induced the Board of Trade to believe that the commercial results would be so brilliant that they ought to put them under these very stringent conditions as to the exercise of the privilege. That is all in the air now; it is gone. Here is a Provisional Order; the Act contains certain principles, and they are worked out with great detail; there are innumerable pages of what you may do, what you may not do, what you shall be punished for not doing, &c., &c. What is the practical method of procedure? I go into the City, and I meet gentlemen who have the key of the position, the money; not outsiders, but men whose life has been spent in developing commercial enterprise. They say, "Well, now, what is this? Have you got something to sell?" "Yes." "What is it?" "This document." "This document! Ridiculous! Take it away. What are the vital principles of it? We would not look at it without lawyers and brokers, and every kind of business man. Nobody can tell what that is. What do you say is in it?" I say, "Amongst other things here

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are pains and penalties, limitations of profit, limitations of price, compulsory purchase on such and such terms, and so on." "My good Mr. Forbes, with your experience of these things, how can you come with such a dish as this? Why, it is not worth looking at;" and you do not get it done. That is where we are. We have had two or three years to look at this thing. In one particular case we have staked our money to the amount of 16,000 £. at the Victoria Station to make it possible to do it; and in the face of that experiment, upon the experience of the only place where we can find the money to do it, we are obliged to retreat, and then these Provisional Orders are gone, so that we have to commence *de novo*. I do not remember a single case in which any company that has had a Provisional Order has carried it out; and though, I believe, local authorities may, under the General Act, proceed for Provisional Orders, I do not know of any who are doing so. There is nothing being done. Now it comes in my mind chiefly to purchase. I should like to see in the Act itself the principles upon which that purchase, if compulsory, is to be carried out, because that is one of the very first things that I should be asked. "Where shall we be at the end of such and such a time?" You must have your capital secured; you must have your working expenses covered for the whole time; you must have a reasonable profit during that time; and you must have the contingent value of the business secured to you, if securing it to you is a reasonable thing. These Bills give no indication of that.

853. You would not be satisfied with the phrase "going concern"?

I should like to have it a little more specifically defined; I should like to have the principles defined. For instance, does "going concern" mean contingent value? I have had the honour of meeting the noble Lord in the chair in inquiries of a nature different from this, but yet akin. I will take his Lordship to the case of the London, Chatham, and Dover Railway. There, as everybody knows, they have bestowed upon the public a valuable undertaking; have passed through great tribulation, and have an enormous capital involved, about half of which is covered by the present value of the concern. There is about eleven millions of capital uncovered. That eleven millions in the market is worth, let us say, 20 per cent. Therefore, we boil it down to two and a-half millions. A good many people believe in the theory of resumption by the State; I do not, because I have lived myself under State conditions.

854. *Chairman.*] I do not think it is necessary that we should pursue this theory of resumption by the State with regard to the London, Chatham, and Dover. With regard to electric lighting, we know, because you have told us, that your views are opposed to municipal corporations trading, and so on; but I do not think it is necessary for the purpose of giving your view that we should follow it out with regard to railways?

I want to show very shortly what the practical effect would be in the market value of an electric light undertaking, and therefore the possibility, or otherwise, of getting the capital under a particular proceeding; that is to say, resumption on compulsion. Supposing that the undertakers had got two millions of capital out of several millions not paying interest, that capital instead of being worth two millions would be worth nothing. That is all. The market value of a share which does not pay anything to-day is the possibility of its paying in the future.

855. *Lord Wigan.*] You have been interested in this matter of electric lighting since the introduction of it into this country, I believe?

Yes.

856. It has been given in evidence in this room that there has been no material advance in the distribution of electricity since the year 1882; do you consider that that is so?

That is so, so far as we are concerned.

857. I am speaking electrically, and not merely so far as you are concerned?

There has been no material advance, to my knowledge, as regards public lighting. I am, of course, now speaking of public lighting as distinguished from private installations.

858. That

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858. That is the distribution of electricity from a centre to the different parts of a town?

Yes. We had a central station of the Edison Company at Holborn. We supplied lights to certain restaurateurs and to certain private traders. The conditions proved disastrous, and the future, under the Act, was so impossible, that we have abandoned them, and we have paid penalties to get out of the contracts that we entered into under that distribution; that is our experience of a central station in London.

859. What length of cable were you working over?

I would rather not give technical details. If you would like to go into detail I should call Major Flood Page, the manager. I think that we had a radius of about half-a-mile.

860. Do you happen to remember what sized mains you were using?

I am not at all an expert in that part of the business.

861. May I carry that further by asking you whether you have had any capital put into that work since the passing of the Act of 1882?

No; we have not extended it in any way whatever since the Act of 1882.

862. Do you consider that that was owing to the Act of 1882?

I think it was entirely.

863. Then it must be either purely owing to the Act or else to the failure of your system?

We have come to the conclusion that it was the conditions of the Act, and certain difficulties which were revealed by practice. For instance, we found ourselves face to face with some unrevealed elements, such as vibration, legal processes, &c., and the necessity of arranging with this owner and that owner. That is a thing which, so far as I am aware, was not at all considered in the estimates upon which the price was to be fixed in the Provisional Order. It was our experience which induced us to retire, and I do not know that I can do better, if your Lordships will permit me, than to put in a letter (it is somewhat long, but I am afraid that it is shorter than my evidence), dated the 20th of October 1884 from my company, the Edison and Swan Electric Lighting Company, to the Right Honourable the President of the Board of Trade, giving the reasons why we could not carry on the Provisional Orders. That letter contains the whole story. At this time we had got six Provisional Orders; we had to consider by such and such a date whether it was possible to carry out those Provisional Orders. Under that necessity I had found my way into the City, and I talked with people who were extremely likely to know as to whether upon any one of them money could be raised. I came back thoroughly satisfied that it could not. Then we were face to face with the Board of Trade, who had given us a certain time within which to do certain things, and we had to make the most graceful retreat that was possible from the position; and on the 20th of October, as I say, we embodied our views in this letter. We recite that in the Session of 1883 an Act was passed confirming Provisional Orders, amongst others, for the St. James', St. Martin's District, Hanover-square, the South Kensington District, the Strand District, and the Victoria District in London. We only amalgamated after these Orders were sanctioned; we were competitors before the Board of Trade for Provisional Orders, but we amalgamated, and with the assent of the Board of Trade, those several Orders were handed over to the new combination.

864. *Chairman.*] What were the reasons that you gave the Board of Trade why you could not carry out your Provisional Orders?

The letter says, "We have been considering the matter since the passing of these Orders. It is impossible within the limits of a letter to set forth all the arguments and reasons which have, during the last 12 months, been presented from time to time from many sources, and in a variety of phases to the minds of the directors; but I am instructed to place before you some of the more cogent reasons which have led them to the conclusion that a central station cannot be economically and efficiently established under the vexatious and

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[Continued.]

harassing conditions of the Electric Lighting Act of 1882." Then they volunteer me to the Board of Trade as a deputation; and they bring into the foreground Section 27 of the Electric Lighting Act as the principal objection. There are a number of others, but that is the vital one.

865. It is the same objection that you have taken yourself throughout your evidence?

Yes. Then there are a number of other clauses upon the conditions of supply. There are other objections, but that is the primary objection.

866. Lord Wigan.] Then I may take it that you are not, yourself, aware that any capital has been put into electric lighting since the year 1882 under the Act, or that anything has been started since 1882 to which the Electric Lighting Act has applied?

To the best of my knowledge, that is so.

867-68. Are you aware of any undertaking having been started, not coming under the Act?

No, not for public lighting.

869. The Edison and Swan Company is the company that you have been speaking of?

Yes.

870. You are the owners of the patents?

Yes, we are.

871. You also propose to apply those patents in the supply of electrical power?

Yes.

872. It seems to me that in considering what you should be paid for that, the price that you originally gave is immaterial; the question is what is it worth; what the public ought to pay you for what you can give them, and not the price that you originally gave for it; that is true, is it not?

What we are dealing with are not abstract propositions, but practical applications. If the compulsory purchase ignores all the outlay for bringing the thing up to a working point, then I do not think you will get the money.

873. It does not ignore all the outlay. Supposing that you had bought your patent for half the money that you gave for it, that ought to have no effect upon your remuneration, ought it?

It depends upon the method.

874. You have got the thing. Supposing that you were the inventor yourself, and had never given any particular money for it, what then?

I suppose it would turn upon the principle upon which this re-purchase is to be founded. I am obliged to go again, and I trust that your Lordships will have no objection to my doing so, to an exactly parallel case; and I really do think, with great submission, that experience of what has arisen is a better guide in matters of this sort than speculations as to what may arise. The Post Office acquired the telegraphs, and the conditions of purchase had to be considered, and they were most carefully considered. I happen to have been in that matter too, and I think I made almost the very first bargain with the Post Office about the taking over of a telegraph company. What did they give for it? They did not proceed upon what it cost, which is one method; they proceeded upon what it was worth, which is another.

875. That is a rational thing?

That is a rational principle.

876. Chairman.] They purchased it, in other words, as a going concern? Exactly so.

877. But as you know, Bill No. 3 proposes quite a different course?

Yes.

878. Lord

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878. Lord *Bramwell*.] Your patent is applicable to all England?  
To Great Britain.

879. You might have 500 enterprises, and they would pay no more royalty to Mr. Edison, or Mr. Swan, in consequence of that; your purchase-money of the patents would be spread, as it were, over all your enterprises, would it not?

Only of course so far as the patents ran.

880. And if the public would not give you for your supply of electricity an adequate sum you must charge less, must you not; that is to say, in order to get customers you must supply at such a price as customers will pay; of course as private traders you would charge, and as much as would bring you in the best income, irrespectively of what the thing had cost you?

Yes, of course.

881. You say that you could not get the capital; as I understand, you have got 300,000 *l.* of capital here?

Yes, we have shares to the amount of 300,000 *l.* representing capital; but that capital has been spent in anticipation of the Electric Lighting Act.

882. That is to say, in order to carry these concessions or Provisional Orders, or whatever is their proper name, into execution, it was necessary for you to raise more capital; is that so?

Yes, that is so.

883. Is there any mention of that in this Provisional Order that you have been kind enough to lend me?

The Provisional Order is substantially a concession in respect to the particular thing which we have to offer to the capitalist.

884. It says that within six months, and before exercising any of the powers, you shall show to the satisfaction of the Board of Trade that you are in a position efficiently to discharge the duties?

Yes.

885. Was it necessary for you for that purpose to raise further capital?

Yes.

886. Would that be by the incorporation or constitution of an independent company, or would it be by an addition to the capital of the Edison Swan Company?

In our case it would be by an addition to the capital of the Edison Swan Company.

887. Have you any authority by your Articles of Association, or otherwise, to issue capital?

We have power to raise a million of capital.

888. Would the capital applicable to this particular lighting be a part of the general capital of the company, or would it be a capital which would be so appropriated that its gains and losses would depend upon the success of the lighting?

I think it would be appropriated.

889. *Chairman*.] You say you think so; are you certain?

I have hardly considered that.

890. Lord *Bramwell*.] But that is of importance, because what the capitalists refused to do was to subscribe generally to the Edison Swan Company, but if it was to be a separate capital and a separate undertaking, that is another matter; do you not know which it was?

I am quite sure that the company would not consent to have any further capital raised for that portion of their enterprise upon those terms.

891. It would be a separate enterprise and a separate capital?

Yes, it must in its nature be earmarked capital, because that was the requirement of the Board of Trade.

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892. Possibly it might be; that is to say, it would not be a part of the general capital of the Edison Swan Company, with all its risks, and all its goods and all its bads, but it would be a part of the capital earmarked or allocated to this particular enterprise?

It would be part of the million of money which the company are authorised to raise.

893. Lord *Ashford*.] If you had a second Provisional Order you would raise fresh capital, would you not?

Yes.

894. Lord *Bramwell*.] How much would that Provisional Order have cost?

That particular one would have cost probably 50,000 *l.* or 60,000 *l.* We have got to lay out 50,000 *l.*

895. You say, I suppose, to the capitalists whom you meet, "We have got a concession in such and such a district, will you take a share in it?" I should like to know how you addressed them, and what prospect you held out to them?

I should say, "Would you take such a further number of the shares which, under our Articles, we are authorised to issue for the general purposes of our business for this which, under the conditions of the contract before you, must be earmarked for this purpose?" They say "No thank you."

896. However, you told them: "Here is a thing which, if carried into execution, may be beneficial to us, or may not?"

Yes.

897. And then they said: "Well, we think not, and we will not do it;" that is your statement?

Yes. I will put it even stronger. From that statement of account that I put in, you will see that we are in a position with the present subscription of capital 89,261 *l.* A Shares of 5 *l.* each, 3 *l.* paid up——

898. You have the command of enough capital without the unpaid 2 *l.* per share to have enabled you to carry this into execution?

Yes.

899. But you did not call it up?

No.

900. It seems to me that it must have been, you did not like the terms, and not the capitalist?

I beg your Lordship's pardon; it was the capitalist, because those shares are held by a very small number of people; of course I am not at liberty to mention their names.

901. Your shareholders desired that you would not make further calls?

They would not allow us to make further calls for this purpose

902. In truth, it was not so much outside capitalists who refused to have anything to do with it, as you and your directors and shareholders, who thought that it was not advantageous to do so?

That is true.

903. That is a good quality in it, you know?

Yes, but I will put it beyond that. The other is also true, that knowing perfectly well that the outstanding calls were not sufficient to enable us to carry out all those Provisional Orders, we were face to face with the certainty that if we proceeded to do so we should want more money. Then we went to other capitalists outside.

904. I would rather have your opinion and your shareholders' opinion that this was not advantageous, then I would have that of the outside capitalists, because I am certain that you know more about it than they do?

Your Lordship is very kind to say so.

905. I suppose

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905. I suppose there are what you may call choice situations for an electric supply, some that are better than others, are there not?

No doubt; it is quite apparent that it must be so.

906. Instead of what is called nowadays (until one is tired of hearing it) a hard-and-fast line, might it not be a desirable thing that without any special terms being limited in the Act of Parliament which could not be departed from, the Board of Trade should be enabled to receive what one may call an offer of any terms, and that you should say either "We agree to it," or "We agree to it with a modification," or "We dissent from it; it must be fewer years and a less profit, and so on." Do you see any disadvantage in such an arrangement as that?

In fact, putting the job up to tender.

907. Very much. There are rival electric companies to your own, are there not?

Yes, indeed.

908. There are some of them who would undertake, I suppose, to do it as advantageously as you would?

No doubt.

909. For instance, you tender over again for this; then the Board of Trade say, "The terms you offer are not sufficiently beneficial to the public; can you make a good profit with less advantages than you ask for?" Do you see any objection to some such arrangement as that?

I should think it would be rather an advantageous thing to do, because that would, I think, satisfy the Board of Trade.

910. Supposing, however, that there was some definite time, if the concession were for a 100 years it would be material if they took your plant and everything else at the end of that time for nothing, and I suppose persons would be found to venture their money upon it?

Yes, no doubt 100 years for that matter is eternity.

911. If eternity and 100 years are both sufficient, there must, in all probability, be some time short of 100 years, which would be sufficient; what figure would you give?

The figure would depend entirely upon what arose at the end of the time. I should not like myself to deal much under 100 years with a property which at the end of 100 years disappeared from me; 100 years, I think, would be a reasonable thing, or 99 years; but if you talk about making it 60 years, or 80 years, I should feel about that just as if I were buying a lease of household property in London, that it wants consideration. With 99 years I am quite safe; I do not want to consider that; that is long enough. But if the possession of that particular house is so important to me from any consideration whatever that I am inclined to depart from a recognised term, I must make up my mind about it.

912. You named 60 years as a possible term. Supposing that it should be deemed advisable by the Legislature, or even by this Committee, that local bodies should have the power of compulsory purchase, to say that they might have it at the end of 60 years is not quite eternity, but for the purposes of the public benefit it is obviously too long; is it not?

That would entirely depend upon the probability of, in 42 years, working out the capital, and the loss, and the interest, and so forth, if it is to be compulsory upon the terms of that Bill.

913. I do not mean to say that it is too long in the sense of making a reasonable arrangement; but if the Corporation is not to have the benefit of being the proprietor of the works for 60 years, might you not, upon your own reasoning, almost as well say, "Well, then, let them never be;" you see what I mean?

Entirely.

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914. The thing to be aimed at seems to me to be this: Supposing that the corporations are to have the compulsory power, and supposing that they are to have it within such a reasonable time that it is what you may call a present advantage to them though deferred, what sort of number of years' term could you suggest as giving the capitalist a fair chance of reward for his labour, and enterprise, and the value of his patent, and on the other hand, giving to the public, through the local body, a not unreasonably distant period of enjoyment. Would you be satisfied with 20 years' enjoyment of the conclusion, so as to know with some certainty what its future would be, and then, that they should purchase it as a going concern with all its prospects of good and evil?

Yes, that principle of buying it as a going concern, of course, removes innumerable difficulties, because then one has only to make up one's mind under the particular state of present knowledge, and probable growth of knowledge, how long it would take to get the thing up to a normal earning value. You may, perhaps, ascertain the normal earning value in 21 years, though that is rather more of a technical matter; but I should myself think that if electric lighting is to go on it will have to develop something like safe ground in 21 years. Then 21 years is as good as any other term, because when you make over the thing and sell it as a going concern, you sell it probably with reference to its value as a going concern, just as the Post Office bought up the Telegraph Companies. They had been established long enough to have got over all preliminary difficulties, to have got the thing into something like normal shape as a commercial enterprise, and they were in possession. What did the Post Office do, and what did the Government do? They indicated the term of compulsory purchase.

915. I do not think I will trouble you to go into the particular illustration. You say that 21 years might make the prospects of the thing a comparative certainty, and then, if it is desirable that the local bodies should purchase, they could purchase as a going concern, and that would give a sufficient inducement to the capitalist?

For a going concern as such.

916. I have used that term compendiously; it is a going concern, with all its prospects of good and evil?

For instance, assuming a going concern, which upon the profit and loss account of to-day shows an income of 3,000 *l.* a year, with a future before it, the public department says, "Well, the public interest requires that we should take over this; we are going to take it over." Upon what basis? The 3,000 *l.* a year has been a progressive quantity. For a long term of years there was no revenue, and the people who invested their money are only gradually getting a return for it.

917. *Chairman.*] I do not think that we need go into the meaning of "going concern"; we have had this stated several times to the Committee, and we apprehend that we thoroughly understand that when the term "going concern" is used by a witness here, it is used in the sense in which it is ordinarily used in the City, with all prospects, and so on?

That is what I was anxious about, with the prospects. That is the really material question.

918. Of course, it is very material, but you will have seen in the evidence that it has been already stated that if the term "going concern" is used for the terms of purchase, that ought to be defined in the Act?

Yes.

919. *Lord Bramwell.*] It is making 3 per cent.; its shares are nevertheless at 100, for this reason: that it is almost a certainty that within a short time it will be making not 3 per cent., but 6 per cent. Then you say that, instead of being bought as a concern returning 3 per cent., it ought to be bought as a concern with all its future prospects?

Yes, and not only do I say it, but others say it.

920. *Chairman.*]

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920. *Chairman.*] In fact, its being bought as a going concern is really the element of purchase to which you apparently attach the utmost importance?

I think it is the only possible one.

921. Lord *Ashford.*] Recurring for one moment to the Provisional Orders, may I ask how many Provisional Orders your company have?

We have six altogether.

922. I suppose that each one of the six would have required at least as much capital as the one which you showed to Lord Bramwell just now?

Some of them, I think, would have required much more.

923. In that case the capital must have been ear-marked in some way; that is to say, that a subscriber to any one of the six Provisional Orders could not by his subscription undertake all the risks of the six Provisional Orders?

No; and I think that under the deposit, and the requirements of the Board of Trade, we were bound to show them that we had set aside, so to speak, sufficient capital to ensure the perfection of each particular Provisional Order. That would have involved ear-marking the capital.

924. Supposing that in five out of the six districts the Provisional Orders had been put into operation, and had proved unremunerative, and that the sixth had proved remunerative, would the persons subscribing to that sixth district share in the unsuccess of the remaining five, or not?

That would depend entirely upon the conditions upon which you raised the capital.

925. But how were you going to raise it?

It might be competent to the company to raise the capital upon different conditions. You might have raised the capital to invest, at the discretion of the directors, in the several undertakings, conforming to the requirement of ear-marking by the Board of Trade, that the capital should be there for that work. You might, in order to secure the subscriber to the particular capital, ear-mark it in the sense of appropriating the profit of that particular undertaking to that capital; or you might leave it open capital of the company, to take its chance all round.

926. But as a matter of fact, you had six Provisional Orders?

Yes.

927. You stated two or three ways in which you might have done it; I want to know the way in which you did actually proceed?

Having got those Orders, I proceeded to consider whether the margin of the unpaid capital of the Company at that moment was sufficient to carry them out, and I speedily found that it was not. Then I had to consider how shares were to be raised, and I found that it was impossible to get two things: first of all, the assent of the shareholders to calling up the outstanding capital for this purpose; and, secondly, to get new shares issued to anybody else. Therefore, one did not get beyond that, and one was met at the threshold by this compulsory purchase on these terms.

928. Forgive me if I am a little persistent in this matter. Having six Provisional Orders, and wishing to raise fresh capital in the interests of all of them, did you say to a new shareholder: "I want you to invest for the purpose of taking in, say the Holborn district," which I think you have; or did you say: "Will you go into our general lighting undertaking which includes six Provisional Orders in different parts?"

I put it in that way first of all: "Can we issue more shares in order to enable us to complete these Orders?" Then they did not trouble me about any sub-division, because they said: "No, the conditions are so hopeless, that it is not a question of finding capital for all; we will not find capital for any."

929. That brings me to the next point. Did you not find that part of the  
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objection of capitalists to finding you capital for your six Provisional Orders was that their risk was not limited to one particular thing which they might possibly understand, but was spread over a great many districts or Orders, some of which might be successful, and some not?

We did not get so far as that, because the discussion turned upon the general prospect of covering any capital under that Provisional Order, and we came to the conclusion that it was no good trying to cover anyone. It was open of course in respect of each Provisional Order to appropriate capital, and to charge that capital upon the proceeds of the profit of that particular lighting installation; but we did not get so far as that.

930. What I have been trying to lead up to is this: whether in actual fact you found that practically the only objection was the terms of the Act of 1882, or whether there were other financial objections which stopped you from getting your capital?

The Act of 1882 is the cardinal weakness. Another argument I remember perfectly well was this. I think some noble Lord asked me whether there might not be some districts more favourable for the purpose than others. These men said: "Well, supposing now for argument's sake that we carried this out, the risks are so speculative that we do not know the value of them; we cannot appraise them for commercial purposes, and notwithstanding the evidence of engineers and scientific men, we know that they are of course very great. Supposing that we find the money to instal those six districts, and that after 20 years, or whatever the term is to be, two of those are highly profitable, and the other four are unprofitable, what is our position? we are to be bought out by the local authority as regards the profitable two, and we are to be left with a capital on our back for the unprofitable ones, and the obligation to go on. Is that a position in which you can hope to find any money." Of course I was obliged to say, "No, it is not."

931. Then I understand you to say that the principal objection to getting capital is the Act of 1882; but you stated, I think, in answer to Lord Crawford, that there were terms in the Provisional Order itself which also made it impossible to address a capitalist; I think your words were that he would say, "Well, I cannot understand this thing; it is involved, and there I cannot go into it"?

Yes.

932. I think you went on to say (and you went to a length that somewhat astonished me), that you thought that a power once granted, and an authority once given to illuminate a certain district ought not afterwards to be interfered with by the Government, or by any other authority?

I do not think I put it quite so high as that.

933. You stated that all these vexatious interferences would entirely prevent electric lighting being carried on?

I think that the aggregate of the interferences and conditions will prevent your getting the money to carry it on.

934. Could you give me any instances of the technical objections which would be raised by capitalists to the Provisional Orders as they now stand?

You are bound to light a particular area, to start with. After you have worked that area for a certain time, you are bound to extend it, and to extend to it all the conditions of the Lighting Act. Supposing that in the one area you should have been earning, as the outcrop of ten years' working, a moderate dividend, say a dividend of 7 or 8 per cent. (I mean moderate in relation to the risks which you are running), you are bound, then, under these Orders to go beyond that area, and to light a district which may dilute your dividend to 2 or 3 per cent., or may involve loss upon the whole working. That is not a very pleasing prospect for a capitalist.

935. Do the penalty clauses for not being able to supply electricity continuously come within your purview at all?

Yes.

936. Do

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936. Do you find that there is any difficulty in regard to them?

No doubt penalties are always objectionable. I am not sure that they are not sometimes deserved, but they stand in the way as obstacles. The obligation to light everybody, irrespective of hours or of occupation, or what not, no doubt, stood in the way.

937. But I mean that failure to supply electricity on any given occasion would be punished by a fine, would it not?

Yes.

938. That fine was fixed, I think, at about 100 l.?

It was some large sum.

939. Have you ever experienced any peculiar difficulties under that particular clause?

No, we have not been working under those conditions, and therefore we have not experienced the difficulty.

940. Lord *Balfour of Burley*.] Will you point to the clause in the Provisional Order which subjects you to a penalty of 100 l.?

I do not think it is 100 l.; I think it is 5 l. in some cases, and 40 s. in others. I will put it in through some other witness. Then, of course, the option which the consumer would have, to use any lamp he chose without reference to the undertaker, is a serious thing when you come to deal with it.

941. Lord *Ashford*.] You do not know how that point about lamps is dealt with in the two Bills, No. 2 Bill and Lord Rayleigh's Bill?

Yes; in 1883 there was some doubt, and even now there is some doubt (I will not put it higher than that) as to whether there is any efficient meter to check the supply in the interests of the supplier. Of course, if you have an efficient meter in, it is indifferent to you what lamp is burned; but if you have no means of checking the consumption, the lamp becomes an important element in the calculation, and we cannot interfere with the class of lamp that is used.

942. But you are not going to put it to me, electrically, that there is no efficient meter, are you?

No, but I am going to put it to you, that if there be no efficient meter, the lamp used is an important element.

943. But do you not know that there is an efficient meter?

I am told that there is.

944. But you are not an electrician?

No, I am not.

945. Then, perhaps, I need not put that point to you; you only suggest a doubt whether there is an efficient meter?

I wish to put it that, as the Bill stands, whether there be an efficient meter or not, anybody may use any lamp. Supposing there be no meter, that puts the company that supplies to great disadvantage. If there be an efficient meter, I agree that the consumer may use any lamp that he chooses.

946. As a matter of your own knowledge, you do not know whether there is an efficient meter or not?

I hear that there is. The Edison and Swan Company have not applied it very largely.

947. You know that Mr. Edison has got one meter, at any rate, which he is very fond of?

I have no doubt that there will be an efficient meter, and if there be an efficient meter, I have no objection to the consumer being free to use any lamp he chooses. What I do object to is, in the absence of an efficient meter, the power to use a lamp which may seriously damage the suppliers.

948. I should like to ask you directly whether you suggest that there is no efficient meter?

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[Continued.]

No, indeed, I do not at all. What I suggest is that the clause as it stands is a very dangerous clause in the absence of an efficient meter.

949. But you are aware that the point has been dealt with by Lord Rayleigh's Bill, and by No. 2 Bill?

Yes.

950. You said that No. 1 Bill was decidedly the better for the public; may I ask you to mention why, in your opinion, you said it was better for the public?

It seems to me that it gives rather greater inducements to the company to develop. A strong inducement to the utmost efficiency, of course, is the lowest price to the public, because with the lowering of the price you get an increase of dividend.

951. I gathered from you that your objection is to resumption by purchase at all, by whatsoever authority?

No, I do not think I have carried it as far as that. I was only dealing with it from a public point of view. I, as a member of the public, would look twice before I suggested to any corporation the propriety of going into an industrial enterprise which might be superseded. Upon those grounds I object. With regard to purchase, I have no objection to their purchasing my property upon fair terms. Supposing that the opinion prevails that it is in the interest of the public that a public body should become the source of supply of electric lighting, or gas, or anything else you please, let them have the benefit of it, but not at my expense. If founding upon that they claim to take my property, then I want it to be taken upon reasonable terms.

952. *Chairman.*] As a going concern?

As a going concern.

953. *Lord Ashford.*] You do not object to the purchase of your property if it is upon reasonable terms?

Not if the period at which the purchase is to take place is a period sufficiently remote to have enabled me to ascertain by reasonable experience the real value of what I have to sell.

954. You are aware that No. 2 Bill provides a lengthened term, and a sale as a going concern?

Yes.

955. Then I gather from you that you would not object to that Bill?

I should not from a company point of view.

956. And, as a purveyor of electricity, you do not object to that Bill?

Your Bill gives what I consider to be a reasonable term for developing what I may call a normal state of things in this enterprise; and having developed a normal state of things in this enterprise, it hands it over by compulsion to a public authority at the value of it as a going concern. Now, the moment I know that its value as a going concern means its prospective value as well as its then value, I have no objection to its being taken over.

957. Then as my Bill does you no damage, but would rather be convenient to you as a purveyor of electricity, in what does the No. 1 Bill more efficiently protect the public than my Bill does?

Does not your Bill rather limit the extreme reward of my enterprise to 10 per cent.?

958. No, Lord Rayleigh's Bill does that?

I understood that your Bill was to be read with the Electric Lighting Act.

959. No. 1 Bill provides for a 10 per cent. limit of dividend, and a sliding scale; but No. 2 Bill provides no limit of dividend at all?

Then if it provides no limit of dividend at all, it is a better Bill for the company and a worse Bill for the public; because the limitation of dividend in the case of No. 1 Bill is accompanied by elasticity of dividend, depending upon efficiency;

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[Continued.]

ency; that is to say, a lowering of the price. Therefore it has that advantage over your Bill.

960. It has been suggested by several witnesses that both things were necessary; a limitation of dividend and compulsory purchase at the end of the term; do you agree with that view, or not?

I think myself that the limitation of dividend is a very doubtful expedient, and that the elastic principle is a better one.

961. Then you do not approve, so far as I understand, of the 10 per cent. limitation of dividend, contained in Lord Rayleigh's Bill?

I do approve of it so far as it goes, because it is my own fault if I do not earn more than 10 per cent. with a sliding scale. The sliding scale depends upon diminishing the price to the public. That must be good for the public, and it is good for me.

962. You have taken up so many different stand points that I do not quite follow you; from the public point of view you prefer Lord Rayleigh's Bill; and from the company's point of view, as a purveyor of electricity, you prefer No. 2 Bill; which Bill do you prefer from the point of view of the investor?

Of course companies and investors are selfish people; they would like a Bill which gives them an unfettered power to raise as much money and make as much profit as they can. Therefore if your Bill is not limited in any way with respect to dividend, if we may go on under your Bill and risk our money upon the chance of getting 5 per cent., 10 per cent., or 15 per cent., without any sort of limitation, that is the Bill for me; but that is relatively a very bad Bill for the public.

963. I do not say a word about the Government Bill, because I think I gather from you that you do not think that would be sufficient?

No, I am bound, if I am called here, to speak to the best of my knowledge and belief, and of course I know this business pretty well, and I know the people who will do it if it is to be done at all. The Government Bill has no chance.

964. Now I will pass to another point, as to local authority; you object, I think, to any local authority having power to purchase?

I think it is a sound principle that the local authority ought not to be allowed to enter into these enterprises; because they become insurers of risks which it is not the business of a public authority to insure; but if Parliament chooses to give them that power, then, as a company, I have no objection to their exercising it at a reasonable time upon reasonable terms.

965. I was pointing to a particular thing. Most of your evidence has been against the Government purchasing?

I made use of the Government as the best illustration at hand of the application of the principle that an industrial enterprise may be purchased by a public authority.

966. But are you aware that there is no suggestion in any of these Bills that the Government should intervene and purchase the electric lighting installations?

As a choice of evils, I would rather deal with the Government than with a local authority; but the principle is exactly the same.

967. As a matter of fact, it is not suggested that the Government as such should intervene in this matter?

No, it says distinctly the local authority.

968. Can you give any instance in which the local authority has intervened, so as to prevent electric lighting?

No, I think not; I am not aware of any. I believe that some local authorities have got Provisional Orders, if I remember rightly; I am not sure that we ourselves did not cede one to South Kensington; I do not think they have intervened, but that is not enough; they have not proceeded. I think that

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when you come to hear the evidence of some of the great corporations interested in this matter, you will find that they are not prepared to take up electric lighting on the principles of the Act.

969. I have a reason for asking this question. There is in the Bill No. 2 a provision that in a case where the local authority is itself a purveyor of electricity, it shall have no right of veto; of prohibiting any other parties to become intervening in the interest of electric lighting?

Yes, there is that clause. Perhaps your Lordship will let me look at it; it is a very essential provision; it is Section 3, sub-section 1, of the original Act that you refer to. Section 2 is as to the license; Section 3, Sub-section 1, is: "The consent of every local authority having jurisdiction within the area, or any part of the area, within which a supply is licensed to be furnished, shall be required to the application for a license, which consent such local authority is hereby authorised to give." That is meant, I suppose, to provide for the possibility of the local authority having some interest antagonistic to the introduction of this light.

970. That is so?

Then they may not press that sub-section according to your Bill if the Board of Trade see fit to override it.

971. According to my Bill, the Board of Trade shall grant it without reference to the local authority, in case where the local authorities are themselves purveyors. You would approve of such a provision as that in the Bill No. 2, would you not?

If it meets your fear, I would; it is a license for electricity that you are going for under this Bill; and you are not to be granted that license without the consent of the Board of Trade, as I understand it; but now you say, No, I will limit the objective power of the local authority if they themselves are purveyors of light in the same area.

972. *Chairman.*] In other words, it is to enable the Board of Trade to sanction competition in electricity in a local authority district?

I understood his Lordship to carry it further, and to include gas as well as electricity.

973. His Lordship did not intend to say that?

It is clear, I think. The words are, "Provided always that where such local authority is already the holder of a license or Provisional Order for the supply of electricity." That would impose competition.

974. *Lord Ashdown.*] Supposing a license was to be granted to you for a term of 40 years, and before that tenure expired, the lease of the premises occupied by the company were to expire, I suppose it would be the case that the landlord of those premises, having in view the fact that at the end of a few years the Provisional Order would expire, would not be willing to renew his lease, is not that so?

I think it is not unlikely. If there were any uncertainty about the business going on, he might not like to have his lease renewed for a period, unless it were quite certain that the continuity of the business would go on.

975. Is that an appreciable danger?

I do not think there is much in that. I do not, perhaps, quite understand it.

976. *Lord Wigan.*] Supposing you have got your land upon which your central station is placed, and the lease of it expires at a certain time previous to the time when the option of purchase may be exercised by the corporation, or the landlord should refuse to renew, not wishing that that piece of land should go for ever from his possession into the corporation's hands, and you have to clear out, are you then to lose your entire works, or what is the corporation to do; are they to buy you as a going concern. It is a very serious question indeed?

It is like a patent.

977. Supposing

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977. Supposing you have got your station already, and you do not know the terms?

I am assuming that we are going on under the Provisional Order, or under the concession. The concession says that 21 years hence or 42 years hence a particular thing shall or may arise, whether it says "shall" or "may," it is in your option whether you take the lease for a time falling within that term or not. If you do, the question is whether you shall throw the onus of that upon the shoulders of the incoming tenant.

978. Take the one case of the Holborn Viaduct; you had a 21 years' lease there?

Yes; but we took it before.

979. Therefore you have not got the power of saying that you will not take anything less than a 40 years' lease, and in that case you would be in the very disagreeable position of having spent the money and losing it?

There is no doubt that the possibility in these concerns of resumption, even upon arbitration terms, is a barrier to the development of the thing, and is sure to crop up with great disadvantage towards the end of the term.

980. Lord Houghton.] You were speaking of the surprise that a capitalist would feel at being asked to invest in a concern, out of which he was liable to be bought at the end of 40 years; there is nothing strange, is there, in the principle of concession for a certain number of years, at the end of which the concern is to go absolutely either to the State or to a public body?

No; it is very well recognised.

981. You named 100 years as the minimum term in which you would be disposed to invest in a concern of the kind?

I think if one has 99 years one becomes a little indifferent to the terms.

982. That would be the case where a concern was transferred absolutely to the State without any compensation, as is done in the case of foreign railways?

In some of them.

983. What do you think would be the fair proportion of capital which would be covered by the terms of the existing Act with regard to the plant; in other words, what proportion ought it to bear at the end of 40 years to the capital of the company?

It would depend upon a good many considerations, probably the original plant would be dead and gone over and over again. Let us deal with something that I understand better, because it is a thing which you are dealing with every day; a locomotive engine say. At one period of its life it is as good for to-day's purposes as if it were new, but a year hence it is broken up as old metal, and is reinstalled by another, which for 20 years would be as good as on the day it was new, for working purposes. Applying that to dynamos and engines, and all the machinery necessary for producing an electric light, it would depend entirely upon the value of the plant as machinery for producing light at that moment.

984. Have you calculated the proportion of the capital that would be covered by those terms of purchase; would it be anything like half or one-third of the total capital?

Unless you can conceive that the capital of the company has been swollen enormously by some intangible expenditure that would be the capital of the company; because I suppose plant would mean locations; land upon which the plant stood, and so forth; therefore, I apprehend, when we have got through the preliminary stages of finding our way to getting a tangible thing to deal with, the capital will go really in plant; therefore, it would be a very large proportion of the whole.

985. You have mentioned the Edison Company as an instance of the severe working of the present Act; as far as I could make out, you valued the plant at

(92.)

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at a very small proportion indeed of your original capital, not more than one-tenth?

It was the actual valuation that we put upon the plant at the date of the account, and your Lordship sees that that is a very small proportion of the money we have spent to bring the thing up to to-day. That is a very small proportion of what we have spent to bring it to-day, because the value of it to-day has involved large preliminary expenses not connected with plant, but as part of the cost of getting the business installed.

986. As regards that special case, what advantage would it be to you to sell as a going concern; what proportion of capital would you get back of that large sum of capital; would you get back rather more than if sold under the terms of the existing Act, in addition to the plant?

It lies between buying it upon your basis, which is giving the debited value then and there to the machine, or buying it upon the other principle, of what has been the commercial profit during a term of years for the whole concern, of which they will be dispossessed, which will be their contingent interest in the residue of all but land, irrespective altogether of the value of the plant. As your Lordships will see, the profit as a commercial undertaking may be much greater than the reasonable value of the plant. Supposing it were all plant, and it represented 1,000 l., and there were no other expenditure whatever; and supposing the plant for the purposes of the argument, upon the day of the termination of the provisional period were to be worth 1,000 l., and that the profit to the company by the use of the plant over 20 years had been 20 per cent., it is clear the value of the plant would not compensate them for dispossession, because that profit would run on, they would not only have had the profit for past years, but for future years.

987. *Chairman.*] It may be a mistake, in my mind; but I did not understand your answer in reference to the question asked you. I thought the question asked was this: Supposing the plant to be of the value of 28,000 l., and supposing that your property were taken from you by compulsory purchase as a going concern, what additional value would be put upon the concern, in your opinion, beyond the 28,000 l. which it is worth?

It would be a hardship to take the mere value of the plant, because it is to be taken at a fair valuation as plant. You are in this position, that you have taken all the risks of the undertaking, and are entitled to the present and contingent profits; if you are to be sold by compulsion at the end of a particular time, you may have taken all the risks up to that time and none of the advantages, and you are to go out then at the mere value of the plant.

988. What should you put on for a going concern in that case?

If they made no profit during that time, they would get out of a bad bargain by being paid for the plant which made no profit; but supposing they made upon the value of the plant, which is 28,000 l., 5,000 l. a year profit.

989. Supposing you bought out Edison to-morrow, what should you add on for the difference between that 28,000 l. and the value of Edison's concern as a going concern?

I should have to fall back upon the very limited data about profits. Now, last year, we made 12,000 l. profit; though our plant is only valued at that small figure, but the year before that we made 28,000 l. loss; and the data is not sufficient upon which to form a sound basis of calculation. Of course, if I had shown 12,000 l. profit in one year as against 28,000 l. of loss in the preceding year, I am entitled to believe that as we go on, our profits will not only continue but increase, but we should be driven in this case to a speculative calculation that my 28,000 l. of plant gives power to make this profit.

990. Then your answer is that at this period you cannot say?  
Nobody can say.

991. The data are not sufficiently long for you to go upon?  
No.

992. Lord

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992. Lord *Houghton*.] You have stated that you consider 42 years was the term that would be required to develop the normal state of things in this concern. What inducements would you offer to a capitalist to insert in an electric light undertaking on any terms if that is the case?

You must leave the capitalist free, and give him all the public aid he wants, which is the same use of the public streets that any other trader has, and the same interference with, or occupation of them, though not in the same form.

993. That is if you give him a monopoly of the use of the streets?

To give him practically no more than you give water companies, gas companies, and telephone companies.

994. A monopoly against other lighting companies?

Is that the nature of the bargain?

995. *Chairman*.] The words you used were these: You said, "Which you give every other trader"; now a water company and a gas company are not ordinary traders; if you mean by the words, "Which you give every other trader," "Which you would allow any person," of course, then the words "any trader" apply?

I correct myself, and say to the extent of any other company doing an analogous service. Now, if you leave us in a worse position than those companies, and especially gas companies, who are competitors in electric lighting, are in, how do you expect a competing company to succeed, handicapped against its principal competitor who is in occupation? Somebody said that the gas companies are in occupation. Then, at least, to enable us to carry on competition upon fair terms we must have the same conditions and privileges as the gas companies have. I should have thought so, and my idea would be that this is an enterprise which deserves to be encouraged, that if there were a leaning either way it should be not in the nature of severer conditions than a gas company has, but easier ones.

996. Lord *Houghton*.] You have stated that one of the difficulties now of the Electric Light Companies is the obligation to light; that obligation comes into Bill No. 1, of which you approve, does it not?

Yes, it does.

997. Do you think that electric companies could not compete with gas if there was an obligation to light?

That is one of my difficulties. I am obliged to sit down and appraise, from the market point of view, the value of the opinions and experiences which are still limited, then all I can say is that if you impose upon us the obligation with regard to the lighting, which even upon the assumption of our advisers must be attended with a loss, I do not think it is a good thing to undertake business at a loss; it must be obvious that the profit of this electric light depends upon the number to which the lamps go.

997\*. And the certainty of the supply?

Yes; a lamp in an ordinary dwelling-house burning four hours will not pay, whereas a lamp in a club burning 10 hours will pay. In a theatre the quantity pays though the time may be short. Supposing you have 40 lamps in a private house burning four hours, and supposing in a particular district where the companies can have the preponderance of that class of business, and no corresponding amount of business where there is a great consumption for a great number of hours, who is to settle, in the present state of doubt, the value?

998. Then it all leads to the conclusion that it would be very difficult to settle the price of electric lighting?

It would be very difficult to settle the price of electric lighting, because if the price is to be settled to all consumers alike upon some standard, then those whose consumption pays must pay for those whose consumption does not pay, but we have not the factor of calculation at this moment.

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999. It is very difficult to say what capital you could have for a certain undertaking?

Exceedingly difficult to fix any standard; it has been fixed in the Board of Trade Provisional Orders what the factor was to be; but it is in the clouds, there is no experience.

1000. Lord *Wolverton*.] I will ask a question upon the much vexed question of this going concern in section No. 6; would you include patents in the purchase, and also moneys to buy other companies?

I will try to explain it. We paid Swan 60,000 sovereigns for the patent. I do not say it was very wise in that particular case, but we might, in carrying out this undertaking, under the conditions of any concession, find it exceedingly wise in our own interest to give 60,000 £. for some other patent. Now, supposing we buy that patent four years or any number of years before the expiration of the concession and the buying term, the people who buy would have the beneficial occupation of that patent up to the time of its expiration, positively they will have all the contingent benefits arising from the possession of the patent over many years as against competitors when they come into competition; that would have to be valued.

1001. You say it would practically, in your opinion, come under that term "going concern"?

They are very general words.

1002. It is very important, because some of the payments that have been made for various patents and for buying up companies are very large items?

No doubt.

1003. *Chairman*.] In your case it is 147,000 £. out of 300,000 £.

Yes. Then, of course, our patents would run out long before any possible resumption could take place, because they have only seven-and-a-half years to run. I do not say that some precautions would not have to be taken against jobbing by anticipation, because there are people who, if they found at the end of a particular concession that the thing had to be taken over upon a valuation, that everything they bought was to be recognised, would anticipate it. I do not mean to say that that must not be guarded against; but if it is a *bond fide* outlay adopted by the company legitimately, the contingent value of it must be paid for; the unexhausted improvements.

1004. Lord *Wolverton*.] As to the result of new enterprises, which was dwelt upon, there is always a certain amount of risk; for instance, railway investors were first thought rash?

I am afraid they have been somewhat rash.

1005. There are some elements of uncertainty in electric lighting, and you must not lay too much stress upon the fact of its being a new industry?

Still, I am only looking at it from this point of view, I must consider my position as a man who has to persuade people to find the money, and who has practically to meet their objections. Now, under the method of resumption, which is not unusual, and of which we have examples in England, the value of a business is so many years' purchase of the then current income, *plus* the contingent value. I know a case where the purchase of the goodwill came to 64,000 £., and the contingent value came to 54,000 £. One important principle is, What does the purchase cover? Does it cover to-day's value, or the value you have gone in to build up? And there is an Act of Parliament which recognises that principle. The telegraph companies were bought for 20 years' purchase of the annual income of to-day, *plus* 20 years of the increment.

1006. As to the skilled capitalists that you mentioned, what do you call the skilled capitalists; it is a new term to me?

I am surprised at that, my Lord; I thought your early experience would have told you what it means. I know where to find one or two in Lombard-street. If you go to people who in their turn are dependent upon great financial houses, you have to satisfy not only the man who is going to enter into the obligation

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[Continued.]

obligation to the great financial house, that the enterprise he is about to embark in is a sound enterprise, but you have to satisfy the managing man for the moment in that great commercial house; and whether you go with an Act of Parliament, or a concession, you have to satisfy the investor who borrows the money of the great bankers, and the great banker is so interested in the borrower that he does not like to let him get too deep in, without himself understanding whether he shall lend his money safely.

1007. They go more upon the names upon the board, do they not, than they do upon private inquiries?

Yes; but still I have been sent for and cross-examined by great financial people. You must have an intelligible thing to sell; if it is not intelligible, if it is not transparently intelligible, it is more difficult to sell it to the public. I am afraid I have been very tedious, but if I have been so it is only from my anxiety to point out to the noble Lords the difficulties surrounding the practical part of this thing.

1008. Lord *Balfour of Burley*.] You told us in the course of your examination in chief on behalf of the company, that there is little necessity for putting in force the Provisional Order which your company got under the Act of 1882? Yes.

1009. What effort have you made to raise that capital?

We have issued a great number of shares, some fully paid, which went to the promoters, the patentees, Mr. Edison, and others, and we have an unexpended call. The efforts made were—having got the Provisional Orders, having studied the conditions, having formed a wide opinion of what the probable outlay would be, and what the risks were as near as anybody could get at them, we found that we had not enough uncalled capital to expend upon the Provisional Order, even if we had been inclined to do it; therefore we consulted the shareholders of the Edison-Swan Company; two or three of them happen to be not only large capitalists in London, but the most astute men that I know of anywhere, and they came to the conclusion that the conditions of the concession were so onerous, and the condition to give up possession so onerous, that there was no good attempting to raise any capital for such a purpose.

1010. I do not think you made it quite distinct, whether when asking these people to subscribe to carry out the Provisional Order, you also at the same time asked them to become general shareholders in the Edison-Swan United Electric Company?

Yes, I tried both, and I indicated the means of meeting it. Of course, the Edison-Swan United Company are bound by the articles of association; they can raise 1,000,000 *l.* capital in the way prescribed, and they are the people, who being the owners, so to speak, of these concessions, would have to carry them out.

1011. The question I wanted to put is this: were those concessions ever put before the investors in such a way as to make it possible for an investor to become an investor in one or other of those districts, without taking a general risk over the whole of the districts which you propose to work?

Not specifically. When you are on the threshold of a matter of this gravity to the investors you are met at the outset with the principal features of the investment, and you do not go so deeply into the method of meeting the wishes of the investors.

1012. They never had the chance in investing their money in supplying electricity in one or other of the districts without being dependent upon the profits of the whole?

No; they would not even take the risk of one district. We had already spent a material sum in the installation of the Victoria Station.

1013. The investors never had the opportunity under your Provisional Order of investing their money for the supply of electricity in one district, and one district alone?

(92.)

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Yes.

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[Continued.]

Yes, I think they had; they had an opportunity of carrying out the Victoria Order in which they had invested money, and they did not see their way to invest money to complete that Order.

1014. Can you give to the Committee the statement upon which they were asked to invest their money for the carrying out of the Victoria Provisional Order?

The statement was that class of statement by which these things are generally met, discussion; not one, but several, with the people interested, and they did not see their way to go on.

1015. Did your company, in endeavouring to raise this capital, ever put forth any prospectus for the purpose of stating what you asked them to invest their money for?

No, we did not; and I have already explained that experience (and, of course experience is the thing you have to go by) shows that the public will not touch undertakings of this sort while they are in an embryo state. The telephone was developed by an association of men, and this thing so far has been brought up by an association of very few individuals; when they have got it on its legs then the public will come in; then you may issue a prospectus. I have had something to do with prospectuses, and I will defy any man in England to make a prospectus of this business which will induce the public to put capital into it; but that is merely opinion.

1016. *Chairman.*] You say, "this thing"; that means, I suppose, a Provisional Order?

The particular Provisional Order.

1017. As it was of so little use, why did your company accept it?

I tried to explain that, and we have explained it in a Paper which I shall take the liberty of handing to you. When these Provisional Orders were being discussed, the whole world was in a fever about the value of electricity; every company went for Provisional Orders, as you go for Acts of Parliament. When you go in, there you are, but when you come out, you have to consider what the value is of what you have got. Now, my Lord, these innumerable conditions in Provisional Orders were not got without constant negotiations. Many conflicting opinions had to be reconciled; but at last there came to be a concession here, a concession to do something. Now comes the capitalist. He says, I know all this sort of thing; the public is in a fever about electric lighting. The Government very properly step in, and put people under conditions who want to get possession of this great enterprise.

1018. Then in this case you appear to have gone into the wrong box upon that occasion. But can you explain to me this: how is it that, whereas your company thought that this Provisional Order was worth accepting, the investors to whom you went were so sharp that they immediately saw that it was not; how do you explain that?

I am afraid the investors have to be taught as we have to be taught, whether, having got it, it is a possible thing to do. One knows instances which are much more familiar to the world than electric lighting, of undeveloped industries being passed by Parliament. I know at the present moment a great work in London standing for the capitalists; but you have to persuade them.

1019. I could not understand how it was that the investors appear to have found out the value of this Provisional Order much quicker than you did?

Because time allowed it to be examined much more carefully, and by different classes of minds to those that pressed for and got the Provisional Order.

1020. How long a time had they between the issuing of the Provisional Order and the time you applied to them for capital under it?

I went to work almost immediately; when I got through the scientific gentlemen, and the people who had to appear before the Board of Trade, and so forth,

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[Continued.]

forth, I did not take much part in it. I had a general knowledge of what was going on.

1021. Does not that very fact that you applied to them as soon as you got the Provisional Order, make it still more difficult to explain how it was they understood the real value of it much better than you did?

Between the date of the Provisional Order and the date of that correspondence some considerable time elapsed.

1022. Now I will go to another point. Apparently judging from the general tenure of your evidence, you would do away with this system of Provisional Orders altogether; is that correct.

Hardly.

1023. Then I am afraid that I must go back to your evidence if you have another answer to give; because I listened carefully, and I can repeat nearly what you said?

I should be happy to hear it.

1024. Would you like to hear what you said?

Yes, if your Lordship pleases.

1025. You took your own particular case, and you said, I went with the Provisional Order to the City, and they said, What have you got there? and you gave this to them, upon which they said, That is worth nothing at all; we want to go behind that, and the substance of your answer came to this, that Provisional Orders were no use as a means of providing electric light; I think you will find that correct?

The conditions of the Provisional Order. You must have, of course, a license to do certain things under the law; but if the license contains such provisions as to make it commercially valueless, then you will not get people to take it up; the concession must contain such terms as would make it commercially valuable.

1026. Then the way in which I am to interpret your previous answer is this: that it was not the system of Provisional Orders of working under the Board of Trade, and so on, that you objected to as a means of starting electric lighting, but it was the unfortunate fact that you did not apprehend sufficiently at that time what the value of that particular Provisional Order was?

At the time the Provisional Order was passed we did not apprehend the real value of it.

1027. Then your evidence simply had reference to your own failure to appreciate the value of that Provisional Order, and not to the system of Provisional Orders generally?

When I say that Provisional Order, I mean all Provisional Orders granted, because they were all granted upon the same conditions, not to my company alone. I am not aware of any other company having carried out a Provisional Order with these conditions. To put it fairly, it is a concession to do something upon terms.

1028. I perfectly apprehend you now?

If I may put it as briefly as I can, the Board of Trade, who have no greater admirer than I am for their perfect disinterestedness, tried, and I am bound to say very much, at the instigation of promoters of these Orders, to make the best bargain they could for the public, and they succeeded in making a bargain which nobody upon the other side now thinks it is worth while to carry out; the question is, are you going on with, or will you modify the terms.

1029. Lord *Bramwell*.] You went in sanguinely for the best concession you could get. You got what you could get. You looked at it in cold blood, and found that it was not worth having?

We were disillusioned.

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[Continued.]

1030. And you and your associates (I use the term with all respect) made up your minds that it was not worth getting on with?

That is exactly so; and we made up our minds upon the minds of those who must have found the money?

The Witness is directed to withdraw.

SIR JOHN LUBBOCK, a Member of the House of Commons, is called in; and Examined, as follows:

1031. Lord *Rayleigh*.] You are, I believe, a shareholder in the Edison-Swan Company?

Yes; and I was sometime a director of the Edison Company, before it joined the Swan Company.

1032. You are acquainted, are you not, with the Bills now before the Committee?

I am.

1032. I think it would save the time of the Committee if you would state your views upon this matter to them; I believe you have them in writing?

I have; shall I read the statement?

1034 Do so, if you please?

I have considered the three Bills now before the Committee, by which it is proposed to amend the present Act. In my judgment amendment is absolutely necessary if electric light is to be introduced in this country on any satisfactory scale. I say amendment of the existing Act is necessary, because the terms of purchase at present prescribed are, in my judgment, almost prohibitory. Not only do they authorise the local authority to acquire the undertaking at the end of a period which is too short to allow of its satisfactory development, but by the restrictive conditions which they impose, they make it absolutely certain that the undertaking will, if successful, be acquired at less than its real value. In other words, the undertakers must contemplate parting with their property at the end of 21 years at the price of only a part thereof, and consequently must suffer loss, unless during the 21 years they can make such a profit as to enable them not only to pay interest upon the investment, but also to replace out of income a substantial part of the capital. I understand that it has been suggested that this would be practicable, but I think the suggestion is based upon a misconception of the true position of the electric lighting industry. I am told that in the proceedings before your Lordships' Committee on the 12th instant, it was said that the object of the Government was that it should be possible for the electric lighting companies to get the whole of their capital back within the period before they were purchased. This observation, if I may venture to say so, appears to assume that the electric light undertakers can practically fix their own price for the light. The very opposite is the case. Being, as they will be, compelled to approach as closely as possible to the price of gas, they will be obliged to sell, at any rate, during the earlier years of their term, at the very lowest price which will pay working expenses. They could not sell at the price now charged by the gas companies; and there is every reason to suppose that when they make a serious commencement, the gas companies will seek to stifle them by making a substantial reduction from the existing price. It must therefore be assumed that during the earlier years of their undertaking, the supplies of electric light will have difficulty in making both ends meet. They will have to put up considerable works, which for some time will be only partially in operation, because they must provide for nearly the full supply that will be eventually wanted; and however successful they may eventually be, for some time there would certainly be a certain amount of loss in working until they got a sufficient number of customers to utilise the plant; and it is, in my judgment, out of the question

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[Continued.]

to suggest that they will be able not only to pay their expenses, but to divide a fair dividend, and to replace any substantial portion of the capital. I, therefore, submit, in the first place, that any terms of purchase must secure to the undertakers the fair value of the whole of their undertaking, and not as at present a part only. If, therefore, there is to be any purchase clause at all, I think it should be not less favourable than is suggested by Bill No. 2. In my opinion, however, there is grave objection to any power being given to the local authority to acquire compulsorily. I think the principle of the local authority becoming a trader in an artificial commodity, liable to fall in value by reason of the advancing discoveries of science and invention, is a mistaken one. I admit the necessity of affording protection to the public against an injurious monopoly, but I think that this protection can be adequately afforded by the provisions contained in Bill No. 1, the sliding scale of price and the auction clauses effectually protecting the public against any material abuse of the position of the undertakers. I think that if No. 1 Bill were passed it would be possible to raise money from investors for the purpose of introducing the electric light. Under the existing legislation I am convinced that it is impossible. I do not think that the mere extension of the term from 21 years to 40 years, as now proposed by the Government, would to any material extent remove the difficulties. The electric light must be regarded as a competitor with gas, having, in its favour, distinct sanitary and other advantages, but against it a somewhat higher price; I submit, therefore, that it is desirable in the interests of the public that its introduction should be facilitated, so far as this can be done without injury to existing interests, and this can only be done, as it appears to me, by placing it upon the same footing with the gas companies. I do not know whether I may say a word or two about the consideration which induced the Edison Company (which, at the time the Provisional Order was first asked for was entirely independent of the Swan Company) to go in for their one Provisional Order, because we did not look at it in the same way as the last Witness.

1035. *Chairman.*] I really do not think we have much to do with the circumstances of particular companies; it was merely the fact that Mr. Forbes, as an instance of what the company's capital was, gave us an account of the Swan-Edison Company; that was the only thing that led up to any questions about it; we have no special interest either with that company or any other company?

This is not upon the question of the interests of the company, but upon the question of principle.

1036. *Lord Bramwell.*] The question is why you could not get your money?

Yes. Several questions were asked about it; but the Order was applied for, and not taken advantage of; and I should like to say upon that point, as regards the Edison Company, that we applied for an Order in what we considered the best part of London, that one which would be most remunerative, very much upon the idea that it was necessary to show the public that the whole system was feasible. For my own part I thought that even if we lost something upon that particular Order, it would add to the general interests of the company to show the beauty, utility, and great advantages of the light. Then before the House of Commons Committee the price we proposed to charge was somewhat diminished, which altered the conditions again. After that came the junction between the two companies; I then ceased to be a director; and the directors of the joint company thought that upon the whole it was better to abandon the Provisional Order. We went into it in the first instance, not merely, or perhaps so much, with the expectation of making a profit out of it, but thinking it was for the general interests of the company that we should show what could be done, and we hoped that corporations would take the matter up; in which case we should derive advantage, even if we made a loss upon that particular Order. We only went for one Provisional Order, and it was in what we thought to be the best part of London.

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[Continued]

1037. Lord *Rayleigh*.] Do you consider that the interest of the public is sufficiently guarded by the provisions of No. 1 Bill relating to the sliding scale and the auction clauses?

Yes, I think so. I think even under that Bill it may be doubtful whether any large amount of capital could be raised at present; my impression is that it could certainly not be under less favourable conditions than given in No. 1 Bill.

1038. *Chairman*.] That is merely upon optional sale?

So far as the interests of Electric Lighting Companies are concerned, I am not sure that No. 2 Bill is not as favourable to them as No. 1 Bill.

1039. Lord *Rayleigh*.] Upon what does your preference for No. 1 Bill depend?

There are several differences. There are certain conditions with reference to lamps which I think, in the present state of our knowledge of the question, are important. My belief is that there is a meter which would work well; but, at the same time, it is not so far tested that I could feel absolutely certain with reference to the point, though that is not a question that I am competent to give evidence upon; it is merely that individually I do not feel so absolutely convinced about it that I think we could quite assume it as an absolutely sufficient test. At the same time, as I know great authorities do think so, I do not wish to imply a contrary opinion, but while we are legislating it might be desirable to have that point in view.

1040. The statement that you have read embodies your view upon the matter, and in a tolerably complete form; is there any other point that you wish to bring before the Committee?

I should like to say, with reference to the Holborn installation, that I do not think the last Witness intended to give the impression that there was any difficulty with reference to the working of the Holborn installation at all. During the time that it was in active operation it worked extremely well; but it was rather too small an installation to pay. If you are obliged to have plant, and skilled officials, and so on, you cannot make it pay unless you have a demand for a certain quantity of light; and we were limited by the particular area, so that though we could have let a larger number of lights, it was impossible to carry out wires further, and the consequence was that it did not pay in itself; but as far as the scientific and practical working of the installation goes, I think it may be considered to have been an entire success.

1041. Lord *Houghton*.] You stated that although you thought the electric light would eventually be a success, it might be some time before the promoters got a return for their capital; could you dot the I's, and name the term of years for either of those contingencies?

You get a Provisional Order under the Act as it stands for 21 years; it would not be safe to begin looking about for a site till you were well sure of your Provisional Order; in legal arrangements, choosing a satisfactory site and so on, a certain amount of time elapses; it then takes a good while to put up the necessary works, the dynamos and steam engines, and so on. Then, of course, all the people round have their houses supplied with gas fittings already. At first it would be only a few who would be sufficiently satisfied of the advantage of electric lighting to abandon their gas and take to the electric light, and therefore it probably would be (though you cannot say how long), I should think, 4 or 5 years out of the 21 years, before you could expect that you would find customers for nearly the whole of the light that you could supply; during that time you would have had plant large enough to supply many more customers than you have; and you would necessarily for a certain time therefore be working at a loss; therefore, some time must elapse before you could begin, or think of beginning, to make a profit. Then you have to compete with gas, and though I believe that those having valuable furniture, or pictures, or books, would soon find that what they would save in their furniture, and decorations, and so on, would quite outweigh the extra cost as compared with gas, still it would take some little time; and as you would have during the whole time to compete with gas, I do not think you could possibly

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[Continued.]

possibly expect in 21 years both to make a fair commercial dividend, and also to lay by any very large sum to go in reduction of your capital. At any rate, that has been the impression of the public, as we have seen by the fact, that though large numbers of Provisional Orders were taken practically, no company has succeeded in getting the capital necessary to carry them into operation.

1042. Then the Government Bill proposes to increase the term to 30 years, or even in some cases to 42 years; do you think that that extension of time, without the alteration of terms of purchase, might not meet the case?

I am afraid not. It would make a certain amount of difference; but I am afraid it would not meet the case.

1043. But if there was a chance of the concern paying within five or six years, would it not almost entirely answer the case; supposing there was 21 years more of profit, would not it enable you to set aside a sinking fund, a very small per-centage, to enable you to write off capital?

You would have all the time to compete with gas; it is a matter of opinion, but I am afraid it would not.

1044. You think the gas competition is a great difficulty?  
Yes.

1045. Then as regards the statement you made that in Bill No. 1 the public were sufficiently protected by the limitation of dividend and by the auction clauses, do you think it is possible to fix a fair price for electric lighting now?

I would almost rather you would ask a more competent witness upon that point. I am scarcely able to give you a decided opinion upon it.

1046. Lord *Ashford*.] Did I rightly understand you to say that you did not consider Provisional Orders were necessary; that you thought electric lighting might be regulated by a general Act?

I was rather under the impression that the advantage of Provisional Orders was from the facility of getting them through Parliament. The objection in the case of the Provisional Orders which have been granted have practically been in the main Clause 27 of the Electric Lighting Act. It has not been the fact of their being Provisional Orders, but the terms of the Provisional Orders.

1047. Do you think that any general Act could be constructed which could, without the assistance of a Provisional Order, meet the general circumstances of individual cases?

I should have thought it would have been very difficult to meet all the circumstances in a general Act without having a Provisional Order carrying out the provisions of that Act.

1048. You expressed a decided preference in favour of No. 1 Bill, did you not, just now?

I am not at all sure, so far as the interests of those who are interested in Electric Lighting Companies are concerned, that your Bill is not quite as favourable as No. 1 Bill.

1049. I ask for this reason: that Clauses 11, 12, 13, and 14, which are incorporated clauses, about compulsory supply, and other things, which are usually put in Provisional Orders, are embodied in Bill No. 1, Lord Rayleigh's Bill?

Of course if it is possible to do without a Provisional Order, and the necessity for private Acts, so that it might be done by a general Act, it would be a considerable advantage, because it would save the promoters from rather heavy expenses.

1050. I want to ask you whether the presence of those Clauses 11, 12, 13, and 14, which are usually embodied in a Provisional Order, form part of the reasons why you prefer No. 1 Bill to the others?

I was not at the moment thinking of those clauses.

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1051. Do you believe that any extension of time, without a clause providing that the thing should be sold at the end as a going concern, would enable you to raise money for the purpose of electric lighting?

Of course if the term were very long it would make a difference; but I think from the point of view of an ordinary investor, if he thinks he is liable to lose his money, if the thing goes badly, and to be bought out if the thing goes well, he does not look very closely at what the term is.

1052. Then, in point of fact, No. 3 Bill would be insufficient to raise money upon; you say, as a financial authority, that it would be insufficient to raise money upon?

In my judgment it would not under existing circumstances be sufficient.

1052. Do you entertain any strong opinion as to the propriety of the local authorities under any circumstances being allowed to purchase electric light undertakings?

Yes; I think it is extremely undesirable that any public authority should carry on commercial undertakings. In the case of the telegraphs, for instance, we have lost a million and three-quarters. We have paid 4,100,000 £., on the sum borrowed for the purchaser, and they have only balances to go towards it of 2,400,000 £., therefore there is a net loss to the public on the telegraphs of one and three-quarter millions up to the present time. Besides which, although the opinion may be one of which it is difficult to give direct proof, I believe high authorities consider that the result has been to check the development of telegraphic science.

1054. It is not suggested that the Government should take up electric lighting?

No; but from the point of view of the borrower it does not make much difference whether it is the Government or the local authority; the principle is the same. I think the telegraphs have been extremely ably managed by the Government. I do not know whether I may mention a name, but I think they were particularly fortunate in securing Mr. Preece, and the whole management of the telegraphs has been conducted under the most favourable circumstances, and yet there has been a very heavy loss. May I give another illustration, the telephones. I believe there are 350,000 telephones at present in use in America as against 30,000 in use in England; that seems to me to be a strong illustration, and I think it is quite clear that if the local authority in a town has an interest in the gas, there must be a tendency, therefore, to discourage any fresh invention, such as electric lighting.

1055. In that case, do you think the clause as retained in No. 2 Bill, prohibiting local authorities who have any interest in gas or in any other illuminant from interfering with electric lighting undertakings, would be an advisable clause?

Yes; in the point of view of the public interest, I am certainly strongly of opinion that it is not desirable that local authorities should undertake such work as that. There is always an appearance of immediate advantage in their doing so, but I believe in the long run it has a prejudicial effect.

1056. May I ask whether your objection to local authorities becoming traders, to put it shortly, is based upon the fact that you do not think that the local authorities should be allowed to speculate with the ratepayers' money, or because you do not think that they would do it so well as companies called in for the purpose?

Both. I do not think, from the point of view of electric lighting companies, nor upon the question whether you are going to develop the electric light, that the power given to local authorities to purchase upon fair and reasonable terms would be prejudicial; but from the two points of view that you have suggested, I think it is contrary to the public interest.

1057. Lord Bramwell.] I understand you to say plainly enough that when the State purchases any trade undertaking, it runs the risk of finding that what it

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[Continued.]

it has purchased is superseded, and consequently there will be a loss, which will be borne by the State instead of by the individual?

Yes.

1058. And that applies equally to the local body?

Yes.

1059. In addition to which you say they do not do their business as well; they have not the same *incentivæ* to improve. I understand you to say both?

They might even have *incentivæ* to stop other improvements, they being interested in something which they have already acquired.

1060. That is part of your first objection; that they may encumber themselves with that which may be a loss to them if other improvements are adopted. You say that investors do not care much how long the period is, if they see that it is to come to an end they dislike it; I understood you to say that, or to that effect?

The longer the period the better.

1061. I rather think the French railways have always a concession for a limited time, after which they go the State, do they not?

I believe so.

1062. Have you any reason to suppose that that has deterred people from investing money in French railways?

It had been already proved by experience elsewhere that the railways would be a paying and profitable concern.

1063. Which is different from a speculative and uncertain thing?

Yes, which is different from any undertaking like this of electric lighting.

1064. I want to follow up the words of Lord Houghton, which are very important in this matter. I do not know whether you can say yes or no to this: take 40 years. I think one per cent. per annum would return the capital at the end of 40 years; that is to say, supposing I put down 100 *l.* now, and somebody puts down a pound every year for 40 years, and invests it at compound interest at five per cent., are you able to say whether that would replace the 100 *l.* at the end of 40 years?

I cannot say off-hand; but I think it would be so.

1065. For 40 years, 1 *l.* a year is paid, that is, 40 *l.* Supposing it were so, it would only require, as it were, an additional 1 per cent. upon your investment to bring back your capital. Now, what would you say would be a fair return for profit upon such a speculation as this, 5, 6, 7, 8, 9, or 10 per cent., what would be an attractive prospect?

That is a question that it is very difficult to answer, because it depends so much upon the security.

1066. Will you let me say, for example, 10 per cent., with 10 per cent., and a fair profit of 1 per cent. added, with a replacement of capital, it would be 11 per cent. In that case the dividend payable would be made up to within a very small extent of the sum necessary to replace the capital; do you follow me?

Yes.

1067. Do you think that that is of so much consequence that a calculating investor who knew what he was doing, would care very much if, at the end of 43 years he was to know that his interest in the concern was gone altogether; do I make myself understood?

Perfectly.

1068. Forty years is a long time?

At present the public look upon electric lighting very much as an experiment; those who have looked into the matter have greater confidence in its future than the investors have. I believe that, if there were a few electric light companies that were paying fair dividends, even somewhat less than 10

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per cent., and if there were a certain number of towns lit, as they might have been lit before now but for the conditions of the Electric Lighting Act, then I am disposed to think you might raise the capital upon easier terms; but the question being, in the eyes of the public, at present in a somewhat experimental stage, I am afraid the terms in the Government Bill, at the present time at least, are not sufficient to tempt the ordinary investor.

1069. That gives rise to another question that I put to a former witness, and which I should like to put to you; do you see any objection to the law being so altered that the Board of Trade should judge upon each particular offer, and say, We will give you such and such terms; and for the persons offering to say, Yes, or No, we will take such terms?

It is putting a great deal of responsibility upon the Board of Trade.

1070. Lord *Wolverton*.] And it is putting a great deal of responsibility upon the investors?

Yes; but the conditions must be determined before the capitalist is induced to invest his money. Lord Bramwell intended, I presume, that the conditions should be determined before the capitalist should invest his money in each case.

1071. Earl *Cowper*.] You said that there was very little difference between whether a concern of this sort was carried on by a Government Department or by a corporation; is there not this difference, that the constituents of the corporation being the people, who have an immediate interest in the matter, and whose houses are lighted, would insist upon obtaining the best kind of light, and would put pressure upon the corporation to adopt new improvements; would not that come into play?

I must have given my answer in rather too general terms. I did not mean to say that there was no difference, but that, from my point of view, the argument is the same; but the conditions that you point out are very important.

1072. You mean that the main improvements necessarily go together?

However well the thing may be carried on, you have not the same competition. You have not the same number of keen wits endeavouring to devise new improvements as you have when you have different companies competing with one another.

1073. The corporation may have an inducement to carry on the business badly; but they are more easily kept in order than a Government Department?

You can always make out upon paper a strong case for a corporation taking up any business. Supposing it was a baker's shop, you might show upon paper that they could suppress a great number of shops, and do away with a great number of hands; buy their flour under much more favourable conditions; borrow money at  $3\frac{1}{2}$  per cent.; they might sell the bread much more cheaply, and yet make a profit; you might extend the same argument to almost every trade; but nobody would seriously propose that the Government should undertake all the industrial enterprises of the country.

1074. Lord *Wolverton*.] You have never had, have you, a very strong financial board of directors yet to try to raise capital under the old Act; what you and I, as commercial men, would call a strong financial board?

Just at the time that the Provisional Order was obtained, the Swan and Edison Companies amalgamated; I found it impossible to give sufficient time to the business; and as some of the directors had to retire, I elected to retire, and a new board was formed. The new board came to the conclusion that they could not advise their own shareholders, and could not ask the public to take up a Provisional Order under the conditions of the Electric Lighting Act. They did so, after private consultation, as Mr. Forbes has just mentioned; but they never went to the public.

1075. They never made any public appeal to capitalists?

No; I do not think it would have been possible to get a strong board together under those conditions. We asked for the one Order, not so much with the

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[Continued.]

the view of making a profit out of the particular Order, but in order to show, as we believed, the superiority and advantage of our system; and we reckoned that if we spent 50,000 £., or even more, upon a Provisional Order, supposing we lost something upon that, we should get our advantage in making the beauty of the light and the advantages of the light more generally known.

1076. I wanted to ask you rather as a financial man whether you think any application has been made publicly in the right financial quarter; I understand you to say that there has not been any public financial appeal made yet practically?

The Edison Company having got their Order, but with a diminution in the price which they were authorised to charge, came to the conclusion that it would not be to their advantage to carry it out; and as none of the other companies have taken any steps under their Provisional Orders, I presume that upon further consideration they came to the same conclusion.

1077. Lord *Wigan*.] There is only one point upon which I should like to ask you with reference to the sinking fund; you have stated that 37 years, placing one per cent., would renew your capital at the end of that time; do you imagine that it would be the case that the whole capital that you could utilise in 40 years would be called up at the first moment, and that you would be able to pay the sinking fund one per cent. on the whole capital at once?

Certainly not under the Act. The capital could only be utilised by degrees.

1078. Therefore, after 10 years, you could not put your sinking fund in order to pay for the plant put up in 10 years; you would be seven years short?

Yes.

1079. And so on to the end of your work; consequently you would never be able to get more than 50 per cent of your capital insured by yourself?

I do not think you could reasonably expect to do so.

1080. Lord *Bramwell*.] Is there not this difficulty, that if there was a certainty that the company's concern was to be taken away from them there would be a disinclination to lay out capital in the last year of their existence, or to apply their profits in the capital direction in the last year of their existence?

Yes, and there would be another evil; we might suppose the case that, say four years before the end of the term, a very valuable patent might be offered to the company which might be quite worth 20,000 £. If they bought it, they would have the advantage for four years, but at the end of the term, under the Government Bill, they would get no value of the goodwill; it would therefore not be to their advantage to acquire any fresh patent, even if they could do so under the most favourable terms, and however valuable that patent might be.

1081. *Chairman*.] You said just now that the Act of 1882 has been the main cause of the capital not being got for the purpose of electric lighting; do not you think it possible that the low price of gas in comparison with the cost of electric light may have had something to do with it as well?

Of course, that has to be taken into consideration. At the time that the Bill was before Parliament, I mentioned to the Government that I thought that the clause would practically prevent companies being formed; but they said to me, Well other companies are quite ready to provide the capital; and if the Edison Company does not see its way to do so, we are very sorry. I felt as far as I was individually concerned, that that was a complete answer, and I could only express my doubt whether the other companies would eventually find the money upon those terms, and that doubt turned out to be completely well founded, and as a matter of fact they have not done so.

1082. Might not the price of gas be a very considerable element in the case?

There are many other elements in the case besides Clause 27. Still if we had  
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[Continued.]

either No. 1 Bill or No. 2 Bill, the other elements remaining the same, it would be possible to give a fresh impetus to electric lighting.

1083. Have you ever considered the question of development of electric lighting abroad as compared with the amount of development at home?

I understand it is more developed in America; but I have no first hand knowledge with regard to that.

1084. You have not thought as to the possible causes why electric light might be developed more abroad than at home?

I do not doubt that the higher price of gas has a very considerable influence; but that is all the more reason why favourable terms should be given in this country, I mean as it is necessary to compete with very cheap gas.

1085. Earl Cowper.] They are not hampered by legislation in America?

I believe there are some difficulties in getting rights to take up streets, and so on, in America, though of a different character; but I am not really able to give much information upon that point.

The Witness withdrew.

MR. ROOKES E. CROMPTON, is re-called; and further Examined,  
as follows:

1086. *Chairman.*] I BELIEVE you have prepared a statement in answer to the request of the Committee at Question 370?

Yes. I now submit two comparative statements for the purpose of showing the percentage at which I would put the cost of establishment, and other fixed charges, as compared with the cost of manufacture pure and simple. The statements are marked A and B. The statement marked A shows the probable cost of working a small 1,700 light plant and compared with that of working one of the smallest scale on which the generation of electricity can be in any way compared with the manufacture of gas. The capital required for the smaller plant will be about 10,000 £., and would consist of a generating station affording a continuous supply of electricity to a small district, the length of the mains in no instance exceeding 400 yards from the station. The larger plant (Statement B.) is for the supply of a London district, the generating station being situated at or near the River Thames; from thence charging mains would be carried to 10 distributing centres; these distributing centres would consist of suitable premises fitted up with storage plant, but without moving machinery. From these distributing centres mains would extend throughout the surrounding district to a distance of 500 yards. The capital required for this larger plant would be 400,000 £. It will be seen that in the smaller plant the cost of manufacture per 16-candle lamp per hour comes to .34 of a penny, of which 26 per cent. only is for manufacture pure and simple; the fixed charges for management come to 21 per cent. of the total cost, whereas with the larger plant the total cost of production is reduced one-half or to .173 of a penny, of which 36 per cent. is for manufacture as above, but the cost of management is reduced to 5.8 per cent. This shows in a striking manner what a very large proportion the fixed charges form of the total cost of producing the electric light. (*Statements are delivered in, vide Appendix C.*)

The Witness is directed to withdraw.

*Ordered,* That this Committee be adjourned to To-morrow,  
at Eleven o'clock.

*Die Martis, 18<sup>o</sup> Maii, 1886.*

L O R D S P R E S E N T :

Earl of CAMPERDOWN.  
Lord ASHFORD.  
Lord BALFOUR OF BURLEY.  
Lord RAYLEIGH.  
Lord WIGAN.

Lord METHUEN.  
Lord HOUGHTON.  
Lord WOLVERTON.  
Lord BRAMWELL.  
Lord LINGEN.

THE EARL OF CAMPERDOWN, IN THE CHAIR.

MR. JOHN MATHESON MACDONALD, is called in, and Examined,  
as follows :

1087. Lord *Rayleigh*.] You are a partner in the firm of Messrs. Matheson and Company, Merchants, Lombard-street?  
I am.

1088. Will you give the Committee your opinion as to the effect of the provisions of the Electric Lighting Act of 1882 in prohibiting or attracting capital to electric lighting undertakings?

I think that the Act of 1882 would effectually deter any investors from putting money into electric lighting undertakings.

1089. Will you explain a little more fully in detail what provisions of the Act of 1882 you mean?

The compulsory purchase clause is the section that I refer to.

1090. Section 2?

Section 27.

1091. Is your objection to the period fixed by that clause or to the terms of purchase at the end of the period?

The period during which the license would run is a minor consideration in in this case.

1092. The principal objection is to the terms of purchase?

Yes, to the terms of purchase.

1093. Will you explain to the Committee what your objection is in that matter?

I think that it would sacrifice to a great extent the property of the Company, and insure their property being taken from them without any adequate remuneration; it would almost certainly entail such a consequence.

1094. Does your answer point to this: that in case of the purchase clause being adopted at all it would be necessary that the undertaking should be bought as a going concern, rather than on the value of the plant merely?

That would improve the position of the undertaking, but I look upon any compulsory purchase clause as more or less a penal clause, which is objected to by the investor. It has this effect, that he considers that as soon as his undertaking is successful it will be taken away from him.

1095. It is your opinion, is it not, that under such a clause as that it is not likely that capital would be attracted?

I think not; but at the same time I am bound to say that under present circumstances, apart from legislation, it would be difficult to obtain money for purposes of electric lighting.

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Mr. MACDONALD.

[Continued.]

1096. Do you infer that it is necessary to give all reasonable facility for the electric lighting in order to give it a fair chance of coming into operation at all?

Yes; electric lighting at the present time could not bear the pressure of any adverse legislation; it should be as free as possible if it is to have a chance at all.

1097. Do you form that opinion with regard to the revenue of gas companies?

I think the public, since the craze about the electric light in 1882, have become much more alive to the restrictions necessarily attaching to the success of electric lighting from the competition of gas; and also that they are much more alive to the scientific difficulties in the way of success; they attach now an exaggerated importance to difficulties of this kind (*i.e.*, scientific), formerly when the mania for electric lighting was prevalent, they attached comparatively no importance to them.

1098. Even supposing capital could be raised to start the undertaking, do you anticipate that any great difficulty would arise towards the end of the period in raising additional capital?

There would be a difficulty; the position would be this: That if the undertaking was not sufficiently tempting for the corporation to buy it it would be still less tempting for an investor to put his money into it.

1099. Have you examined the Bills before the Committee?

I have merely examined them with reference to that clause.

1100. Have you formed any opinion as to which Bill you prefer?

I prefer Bill No. 1, decidedly.

1101. Is that an opinion merely in the interest of investors?

No; it is equally in the interests of the public. The object of a restrictive clause of any kind is to protect the public against any unforeseen contingencies, and I think that that is more effectually and beneficially done for both investors and the public by the sliding scale clause.

1102. You think even under the provisions of Bill No. 2 there might be still difficulty in attracting capital?

I think there would be at the present moment.

1103. Therefore I need hardly ask you whether you think capital could be attracted under the provisions of the Government Bill, No. 3?

I do not think it is possible at present.

1104. Are you in a position to speak from experience of raising capital for similar undertakings?

No, I cannot say that I am, not for an undertaking based upon a new discovery of this kind, of a scientific nature.

1105. The argument has been used that the effect of No. 1 Bill would be to create a new monopoly; what view would you take of that statement?

If the Committee would allow me, I would explain my preference for the sliding scale as compared with the compulsory purchase clause. I think the compulsory purchase clause is one of which the investor would take the most unfavourable view; the action of it is so very uncertain that in estimating the merits of his investment he would be bound to take the worst view of what might happen to him. Now the sliding scale clause affords a much more simple proposition to him; it defines the limits of his profits, but within those limits he is, comparatively, perfectly safe; and perhaps from his previous experience as regards gas companies, the sliding scale clause is a more elastic one than appears upon the surface of it. Of course he obtains the full benefit of the maximum dividend as soon as the company earns it, but inasmuch as a successful company, like a gas company, after a time may earn a 10 per cent. dividend with facility and certainty, in that case, though he does not derive any further advantage from his annual return from it, his capital greatly increases; a certain 10 per cent. dividend represents a much larger capital than an uncertain 10 per cent.

1106. *Chairman.*]

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MR. MACDONALD.

[Continued.]

1106. *Chairman.*] When you say 10 per cent. dividend, you mean the standard dividend?

Yes, the standard dividend, whatever it is; it is the principle I refer to.

1107. Lord *Rayleigh.*] You are of opinion that the sliding scale and the auction clauses now adopted in Gas Acts afford a satisfactory basis for an enterprise of this kind, as between the public on one side and the undertakers on the other?

I think they do, more so than the compulsory purchase clause. I think what the public need to be protected against are unforeseen contingencies. They do not wish to run any risk, but they wish to prevent an undue share of profit being made out of them, and they practically secure it more effectually by the sliding scale clause than by the compulsory purchase clause. It is possible that some new development of the electric light might be discovered shortly before the termination of the period of years, in which case it would have to be considered in the value of the undertaking as a going concern. And on the other hand, there is the point which has been raised by other witnesses, that the corporation or the Government having possessed themselves of this business might find some other scheme for lighting brought forward in opposition to them.

1108. As matters stand, is it your opinion that there is more danger of the public losing electric light altogether from the unwillingness of capitalists to put money into the undertaking than there is of any exorbitant profit being made by the capitalist?

At this moment, certainly.

1109. Is there any other point which you wish to amplify?

I think not.

1110. Lord *Houghton.*] You said just now that what the public objected to was an undue profit. Why should they object to the companies making large profits if the price is not high; in what way is it against public interest?

I think it is an unreasonable objection, but I must recognise that it does exist. There is prejudice against what people call an unearned increment.

1111. Lord *Bramwell.*] You said there would be difficulty in getting further capital, as I understand it, upon this ground, that if it was not worth the while of the corporation to buy it, it was not worth the while of investors to invest?

I should say there would not be difficulty in getting further capital, but that it was the way in which the proposition would appear to the investor at the time, if it was sufficiently tempting.

1112. In the case of a compulsory sale upon the terms in No. 3 Bill, and in the old Electric Lighting Act, would there not be a difficulty in getting capital for that extension of the works which, nevertheless, the company was bound to make, because it might possibly be, if there was a concession for 40 years, and no necessity for adding new capital, they might guarantee a sinking fund, but if at the end of 30 years they can be called upon by part of the district to extend their works (that reasoning does not extend to any capital), would you consider that that was an objection to the compulsory power of purchase upon the terms in No. 3 Bill?

I think I understand your Lordship. The effect would be that the investor would require a larger return for the short period; he would have 10 years in which he must recoup himself, and therefore he would require both the certainty of getting back his capital and a larger return.

1113. In one way or other it would have a deterrent effect upon the finding of new capital?

It would.

1114. That is to say, investors would either not find it, or ask for a large annual return upon it?

Yes.

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[Continued.]

1115. Would not those considerations have a tendency also to cause what I may call the last part of the work of the concessionaires to be scamped?

Yes, I think it would; they would endeavour to put in as little capital as they possibly could to get through the work.

1116. And work with as inefficient machines as possible?

Yes.

1117. Lord Wigan.] With regard to the question of the sinking fund and the renewal of plant, of course it would be possible in any period to depreciate everything in such a manner that you would eventually get back your capital, provided that all the capital is subscribed first?

It would.

1118. But you do not imagine that all the capital that you eventually would require would be desirably called up at first?

I think not, from the nature of the undertaking.

1119. Therefore, there would require to be two sinking funds; a sinking fund upon each term of the renewal of capital or increase of capital?

There would not only be that, but there would be extreme difficulty in estimating what was an adequate sinking fund; the uncertainties of the undertaking are so great that you cannot form any estimate of what would be an adequate sinking fund.

1120. I believe that it has been suggested that 4 per cent. ought to be put away?

I can form no opinion upon that point.

1121. Lord Lingen.] Would not the sinking fund be confined to the original fixed capital; what would the success of the undertaking have to do with the sinking fund?

The sinking fund might not be earmarked in any way, it is merely a provision made by the investor in his own mind as to recouping himself for his capital within the limits of the concession.

1122. The investor in this case being the company, the sinking fund would appear in their prospectus, or in the articles of association?

I think not.

1123. Chairman.] You expressed just now your great preference for the sliding scale in this matter; are you sure that the sliding scale would be applicable; that is to say, that it is possible to fix a unit?

I have no scientific knowledge to enable me to say whether it would in that way, but it might easily be met in another way.

1124. Would you kindly tell me in what way?

I think the object to be attained is to protect the public; and I think that the public would be protected in that way.

1125. In what way?

That beyond the standard dividend, either the whole of the profits, or any proportion of the profits, should go to the public and not to the company.

1126. But supposing the principle of the sliding scale cannot in practice be made to apply?

It would be in lieu of the sliding scale.

1127. You have not stated to me what it is you propose to substitute for the sliding scale?

If I take 10 per cent. as the standard dividend I should insert a proviso that in the event of the company earning 12 per cent., 1 per cent. shall go to the company, and 1 per cent. to the public.

1128. Excuse me; when you use the words "standard dividend," you assume that the sliding scale is applicable. When I said to you just now, are you quite certain that the sliding scale can be applied, you replied, "No, I am not

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[Continued.]

not quite certain, because I am not a scientific witness, and I cannot say; it would be possible to fix a unit, but there is some other means of effecting the same object;" now I want to know what are the other means?

What I meant to say was that the object secured by the sliding scale could be secured in another way from the gas companies Act.

1129. Lord *Bramwell*.] You take the dividend as the standard, and not the price?

Yes.

1130. *Chairman*.] Now, I understand the principle, perfectly; your principle really is this, that you fix a minimum dividend?

Yes.

1131. That is to say, you would propose to guarantee (I am putting it very plainly, and perhaps in exaggerated language) to companies a certain minimum dividend?

No; I should answer, that the Act should fix a standard dividend up to which the company would be entitled to the profits, if they could earn them.

1132. But you would not propose to guarantee to the company any dividend?

Certainly not; and after the company were in the position to earn the standard dividend, I should propose that the surplus profits should be divided in a proportion to be decided upon between the public and the company.

1133. Whom do you mean by "the public"?

"The public" means anybody; there is a difficulty upon that point; it would require a good deal of consideration. I mean the consumer; the consumer would naturally be the person who was entitled to it.

1134. Now, let me ask you one question upon another point; it is with reference to the corporations having a provisional veto over any lighting company which might apply for a Provisional Order; do you think that it is desirable that the corporations should have some power of that sort, so as to maintain control over their own streets?

I should not be inclined to give them an absolute veto; they are entitled to be heard, and their argument should have weight.

1135. Are you acquainted with the conditions under which Provisional Orders are granted?

No, I cannot say that I am.

1136. Lord *Houghton*.] With regard to the question of fixing the price; supposing you cannot fix a fair price for the electric light, would not your scheme fall to the ground?

In this case I should say that the price within certain limits is fixed; I have no scientific knowledge, and therefore I cannot give evidence upon that point; but I should say, from the circumstances of the undertaking, the price was practically limited, because it is bound to come into competition with other illuminants, and they would have no chance whatever of getting people to use the electric light, unless they were within a reasonable proportion of the cost of the other lights.

1137. Would not the working of your scheme depend very much upon limiting the amount of capital? How would your scheme work supposing the company were allowed to raise an excessive capital?

I think the capital might be defined if thought desirable to do so in the license.

1138. You think that it would be desirable to limit the capital by the Provisional Order?

In the case of the Indian railways, in many cases, the Government guarantee is limited to a definite amount of capital, which cannot be increased without the sanction of the Government.

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[Continued.]

1139. It clearly would require very close inspection of books every year to see what the company were earning; to whom would you entrust that inspection? You could not take the company's word that they were earning 10 or 12 per cent.; you must inspect the books?

In the case of a public company they are obliged to declare a dividend, which is practically a safeguard; but I see no objection to a public accountant, or some competent outside official, being employed to inspect their books.

1140. On behalf of the local authority?

Yes.

1141. Lord *Wigan*.] I want to be certain that I properly understood you upon the question of the safeguard; do I understand you aright when you say that your guarantee is to the public that the company shall not divide a greater sum than 10 per cent., unless, if they divide more, the public has a certain advantage?

A certain share in it.

1142. So that if they have 12 per cent. the company may have 11 per cent., and the public gets 1 per cent.?

Yes.

1143. Then would that 1 per cent. go to the public in cash or in reduction of the price next year. I do not understand how you are to get rid of your 1 per cent.?

I make the suggestion, because as a non-scientific witness I do not feel competent to give any opinion as to how the price could be fixed, or upon what basis it could be fixed. I have no knowledge of electricity.

1144. But you put in the suggestion as a common sense view of the transaction, as a commercial man?

Yes.

1145. Lord *Rayleigh*.] Your idea being, as I understand, that the principle of the sliding scales so far as this, that the profits beyond a certain point are to be shared between the investor and the public, might possibly be satisfied in some other way than by the precise arrangements of the Gas Acts?

Yes, I think the sliding scale has a principle apart from the particular details of the Gas Act.

1146. And you would prefer such an arrangement to meet the conflicting claims of the public and the investor, to the compulsory purchase?

Yes, as attaining the objects in a way more effectually and satisfactorily; it enables the investor to get more for the benefit of his concession, and equally protects the public.

1147. *Chairman*.] That is the only alternative mode of meeting the difficulty, supposing the sliding scale could not apply?

It is the only one occurring to me at the time, but no doubt some others might be devised upon further consideration.

1148. May I just ask your opinion upon this? The Government Bill, as you know, proposes to purchase the undertaking according to the value at the time of the plant?

Yes.

1149. Supposing that, in addition to the value of the plant, a certain amount were to be paid, let us say, for instance, a certain per-centage upon the value of the plant on account of compulsory purchase, would that meet your difficulty also?

I do not think it a desirable plan; it would not be one tempting to investors.

1150. Not so tempting as the one you suggest?

Not nearly so; and at present I consider the whole thing is involved in such uncertainty that an investor has very little data to go upon as to what compensation he would receive in the event of compulsory purchase.

1151. And

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[Continued.]

1151. And you are yourself against compulsory purchase altogether?  
Upon principle I am.

1152. And as applied to electric lighting in particular?  
Certainly.

1153. Lord *Bramwell*.] Are you opposed to compulsory purchase because you disapprove of corporations trading, or because you think if there is power of compulsory purchase it is deterrent to the capitalist: which of the two influences you?

As an investor I should base my objection upon its being very deterrent to investors.

1154. Lord *Houghton*.] As a business man would you say that in the event of Bill No. 1 being passed you think it is likely that there will be much general investment in electric lighting, or that it will be confined chiefly to those having scientific interest in the matter?

It would be confined to those having scientific or personal pecuniary interest in the matter until the conditions of electric lighting have been much more accurately ascertained than they are at present.

1155. Lord *Lingen*.] I understood you to say that before you could decide about the sinking fund you must know the success of the undertaking; my question was, would not the sinking fund be applicable to a fixed sum, namely, the capital raised?

Certainly it would; the investor's desire is to obtain back his capital which he has put into the concern, and, therefore, the sinking fund would cover the whole of the capital invested in the concern.

1156. The success of the undertaking, so far as it exceeded the replacement of the capital, would not affect the question of the sinking fund?

Not directly; it would be a profit to the investor in addition to what he had calculated upon.

1157. Lord *Bramwell*.] You have said that the power of purchase is deterrent to the capitalist, supposing there was no power of purchase for 20 years, and then the purchaser was to give as much as the thing was worth, do you think that it would be deterrent after 20 years' enjoyment of their price, by "giving as much as it is worth"; I mean, giving what it is worth, taking all its prospects, good and bad, into consideration?

In this case I think it would, because it is impossible for the investor to form any basis of calculation as to what he would get in the present case. In the case of a gas company, or in the case of a railway company, I should think it was not so deterrent; there he has got some past experience to go upon, and he could form some estimate, though it might not be an accurate one; but in this case I do not think he can form any estimate.

1158. At the end of 20 years he is to get what it is worth.

I am afraid the development of the industry will be very slow at present.

The Witness is directed to withdraw.

MR. EDWARD ORFORD SMITH is called in; and Examined, as follows:

1159. *Chairman*.] You are the Town Clerk of Birmingham, are you not?  
I am.

1160. Are you deputed by the Town Council of Birmingham to appear before this Committee and give evidence as to their opinion upon these three Bills?

Yes; I am also deputed by the Association of the Municipal Corporations of England.

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Mr. SMITH.

[Continued.]

1161. You have, I believe, prepared a definite statement, which you wish to make to the Committee?

I have.

1162. Will you be so good as to read it to the Committee?

The Corporation have presented Petitions against the Electric Lighting Act (1882) Amendment Bills, Nos. 1 and 2, and in favour of Bill No. 3, the Government measure, but suggesting an amendment in one respect, as mentioned in their Petition. The Electric Lighting Act, 1882, was passed shortly after I was appointed town clerk of Birmingham, and the subject of the Act has received my special attention. In October 1882, I prepared a report to the Corporation upon the Act, giving a full analysis of its provisions. Upon this report being presented, the town council came to the conclusion that in the then state of electrical science, it was not advisable for the Corporation themselves to apply for a Provisional Order, or to attempt at that time to supply the public with electricity, but they have never shown any indisposition to give facilities to electric lighting companies that were willing to undertake such an obligation. The Corporation of Birmingham are the owners of the Gas and Water Undertakings, having purchased the same from the companies, formerly supplying Birmingham and the district, in the year 1875. They have a capital of about 2,250,000 *l.* invested in gas works, of which at least 500,000 *l.* may be considered as the price paid to the old companies for goodwill and shareholders' interests, over and above the actual value of the works and undertakings. The capital of the Water Undertaking is also large, viz. : about 2,000,000 *l.*, and here again more than 500,000 *l.* was paid for goodwill and interest not represented by actual expenditure in works. The Corporation make no profit in the water undertaking, having determined to give the whole benefit of the purchase to the consumers in reduction of price of water. The Corporation are charging lower prices for gas than was charged by the companies, the minimum price being 2 *s.* 1 *d.* per 1,000 cubic feet, less 5 per cent. discount, and no charge is made for meter rents. They supply several outlying districts, but charge the same prices as inside the borough. The public lighting is charged at cost price, as nearly as can be calculated, both in and out of the borough. They have, on an average, after paying all expenses, applied about 25,000 *l.* a year of the net profits in aid of the rates of the town, under the powers of their Act of Parliament. This sum does not nearly represent the saving made by the amalgamation of the works and mains of the two companies, the reductions in office staff, the saving in law charges and directors' fees, and the reduced rate at which money is raised on the Corporation security. Thus the public gain directly by the reduction in price, and indirectly by relief in rating to the extent I have mentioned. Notwithstanding the great interest the Corporation thus have in their gas undertaking, I feel convinced that should electric lighting prove to be the success that its advocates expect, the Corporation would not hesitate to afford the public the advantages of the new illuminant. It has never been the policy of the Corporation of Birmingham to maintain obsolete systems, and if there should be any changes in this respect, the ratepayers and consumers would speedily demand the new light from the Corporation. I do not, however, believe that there is any serious antagonism between the owner of the gas undertaking and the electric light. Gas will still be so largely required for motive and heating purposes, to say nothing of public lighting, in which it appears to have advantages even over electricity; that it appears to me there will always be a large field for gas enterprise in Birmingham. It is hardly necessary, therefore, to consider the Corporation as the owners of the gas undertaking, but simply to regard them in their public capacity, as the governing body of the town and the lighting authority under various public Acts of Parliament. As such, I submit that it is not fair to impose upon them the conditions of having to purchase the undertakings of electric lighting companies upon the basis proposed by Bill No. 1, i.e., that they should have no power to buy except by agreement, and that a virtual monopoly should be established within their borough over which they would have no controlling power. The costly experience of towns

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[Continued.]

in the purchase of gas and water undertakings has made them very sensitive upon this point; and, of course, where a large sum is paid for goodwill, or the provision of future maximum dividends to shareholders, the loss directly falls upon the consumers and the public, whose guardians the municipality consider themselves to be. As regards Bill No. 2, the period of 41 years appears to the Corporation of Birmingham far too long, and they strongly object to the proposed alteration of Section 27, as regards the subject-matter of purchase. The only ground they see for any alteration of the latter is where a very short term is granted to a company—possibly for experimental purposes—and this can be done by agreement under the present Act. An instance of this kind has actually occurred in the case of Birmingham. Immediately after the passing of the Electric Lighting Act, 1882, the town council was served with a number of notices by electric lighting companies, proposing to supply electricity over the whole or some parts of the borough. All these notices were, however, ultimately withdrawn, with the exception of one which was to some extent that of a local company known as the Incandescent Electric Lighting Company (Limited), who selected an area in the very centre of the borough of Birmingham, which may be presumed to be the best district in the town for the purpose of electric lighting. An agreement was made by the Corporation with this company under the Act of 1882, and the subject-matter of purchase at the end of the term was arranged in a manner slightly more favourable to the company than the actual terms of Section 27 of the Act. The term of years, however, was shortened, and was fixed at 16 years, in consequence of the altered arrangements for purchase. The terms are set out in Section 72 of the Provisional Order, and the Company were required to set aside a certain capital, and to deposit a sum of 5,000 *l.* with the Board of Trade within six months from the commencement of the Order, viz.: the 20th August 1883. A further provision was made that, within a period of two years, the company should lay down suitable and sufficient mains for the supply of electricity within the district specified in Schedule A of the Order, and a further provision was inserted that if they made default the Board of Trade might, upon the application of the Corporation, revoke the order (*see* Sections 17 and 18). The company have obtained, with the sanction of the Corporation, two separate extensions of time for finding the deposit, the last of which expired on the 30th June 1885, and they have not up to the present time commenced to lay any mains for the supply of electricity. Last year, however, they introduced a Bill into Parliament very similar to the Bill No. 1 now before your Lordship's House, but it was opposed by the Board of Trade on the ground that it violated the provisions of the Electric Lighting Act, 1882, and the Bill was consequently withdrawn. The Corporation have not taken any steps to revoke the Order. The Corporation object to Bill No. 2, on the ground that the period for purchase by the local authority, viz., 41 years, is too long, and that the obligation to pay for the value of the undertaking as a going concern after so long a period would result, practically, in an open arbitration, with all its costly incidents. As regards Bill No. 3, which has been introduced on behalf of Her Majesty's Government, and which deals only with the Purchase Clause, the Corporation of Birmingham are not opposed to the principle of the Bill. It is alleged by the promoters of electric lighting companies that the period of 21 years given by the Electric Lighting Act, 1882, is too short, and they attribute the non-establishment of electric lighting companies in England to the provisions of the Act. The Corporation of Birmingham do not share this view, believing rather that in the present state of electrical discovery, the light is the light of luxury, and cannot be supplied to commercial advantage in competition with gas even at a medium price, and far less with gas that is as cheap and of as good a quality as that of Birmingham. They admit, however, for the purpose of conciliation, that the period for purchase may be fairly extended to 30 years, always provided that the subject-matter of purchase remains the same as fixed by the Act of 1882. They submit, however, that while a concession is thus made to the companies on the one hand, a small concession may be reasonably made to corporations on the other, viz., that companies shall be required to obtain the consent of the local authority before making application for Provisional Orders. It is most

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[Continued.]

undesirable that the streets of a town should be, to a large extent, taken out of the control of the municipal authority who are now so largely interested, not only in the surface of the streets, but in the sewers, gas, and water pipes beneath the surface. The power now asked already exists in the case of licenses under the Act, and it is only bringing the subject of electrical supply into conformity with the general law to require the consent in the case of Provisional Orders. As an analogous case may be quoted the provisions of the Tramways Act, 1870, where the consent of the local authority is invariably required. The same remark applies in the case of the Gas and Water Facilities Acts. There is, as I have shown, no reason to fear that corporations unfairly regard electric lighting, or will unreasonably withhold their consent. I may refer to the action of my own town on this subject. The Birmingham Town Hall is lighted with electricity by the Crompton-Winfield Company. The Corporation are introducing the new light into the Art Gallery. But if the electric light is to remain the light of luxury, and its supply is not remunerative no one would wish to see corporations embarking the ratepayers' money in such undertakings. If, on the other hand, the light, by future improvements in working, or by some great scientific discovery becomes in reality what its supporters claim that it will be, viz., the light of the future, then it is inevitable that, willing or unwilling, corporations who are already recognised as lighting authorities will have to adopt it. If this should turn out to be the case, probably some loss may arise in their gas undertakings, and it is only fair that corporations as representing the public should lose as little as possible. It is said by some that to give corporations the power I ask is to fetter enterprise and retard science, but I contend that it is not necessary to the future development of the electric light that experiments should be tried all over England, or that public money should be wasted in every town in the Kingdom. It is the scientific discovery that will enable electricity to compete with cheap gas, for which we are waiting, and not the good will of municipalities. When the one is forthcoming the other will, I believe, be found to be already secured. It has been stated, I believe, that electric lighting has made more progress in America and on the Continent than in the United Kingdom. I have no personal knowledge on this subject, but I understand that in America the chief development has been in the direction of arc lighting rather than of the incandescent system. The arc light may be suitable for the illumination of large spaces in countries where the price of gas is high, as is the case in America, and on the whole I am inclined to think that the price of gas has more to do with the extension of electric lighting than any legislation that has taken place upon the subject. What the Corporation of Birmingham are willing to do is to give electric lighting companies a term of 30 years within which to make their profit (which is nine years longer than is granted to tramway companies, who are willing to work lines on a 21 years' lease), and then that the Corporation should not be obliged at the end of the term to purchase obsolete plant, or pay for goodwill, or provide large future dividends to shareholders at the expense of the public. Within these conditions, while strongly objecting to Bills Nos. 1 and 2, they support the Government Bill No. 3, with the amendment suggested in their petition. I have a further statement to put in in consequence of some evidence which has been given, but I will postpone it till your Lordship has asked me any general questions.

1163. In the first place, I wish to ask you one or two questions with regard to the principle of purchase known as a going concern. I wish to take an illustration with which you will be familiar, that is the purchase by the Corporation of Birmingham of the gas works, for which you state that you paid 2½ millions of money?

No; we have a capital of 2½ millions (we paid a less sum); that is our present capital.

1164. Will you inform me how much you paid?  
Nearly two millions.

1165. You informed the Committee that you paid 500,000 l. for the goodwill?

That

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[Continued.]

That appears in my original proof which was prepared by me from recollection, being very anxious to be within the mark. I have since ascertained that it was nearer 750,000 *l.* by reference to the Blue Books, and conference with the gas secretary.

1166. Can you inform me the principle upon which the valuation of those works was made; that is to say, was it made from the value of the plant, or was it upon some other principle?

It was upon the going concern principle. The Corporation of Birmingham bought two companies, the Birmingham Company and the Birmingham and Staffordshire Company, and they bought those companies by agreement on the principle of paying those companies, practically, their maximum dividend in perpetuity. The Birmingham Company was bought by a lump sum of money, the Birmingham and Staffordshire Company was purchased by paying the company annuities equal to their maximum dividend.

1167. Annuities equal to so many years' purchase of their maximum dividend, and without reference to the value of the plant at all.

Without reference to the value of the plant at all.

1168. Can you give me any idea of what the value of the plant was that you took over?

Yes, it may be gathered from my proof, if you substitute 750,000 *l.* for 500,000 *l.*, the difference would be the value of the plant; that is to say, we paid this 750,000 *l.*, 50,000 *l.* over and above the actual value of the plant; assuming it was 2,000,000 *l.* that would leave the value of the plant 1,250,000 *l.*

1169. That is to say, you paid over and above 40 per cent. as the value of the goodwill and so on, which is known as a going concern?

For value not represented by the actual works.

1170. Now let me pass to the water undertaking; how much did you actually pay for the water undertaking?

We paid there, roughly speaking, about 1,500,000 *l.*

1171. And you paid 500,000 *l.* for goodwill?

I can also correct those figures; it was nearer 750,000 *l.* in that case. I have the authority of the chairman of the water committee for that information, which I have obtained since I wrote my first proof.

1172. So that there, too, you paid 50 per cent. for goodwill?

Yes.

1173. Lord *Rayleigh*.] Are those figures the arbitrator's figures. When you say so much was given for goodwill, is that your own view of the sum given for the goodwill, or the arbitrator's?

The water undertaking was purchased by agreement, not by arbitration. I may explain, that there is a little confusion arising from the evidence given by Sir Frederick Bramwell as to arbitrations. There was no arbitrator in this case; we did not buy either of these undertakings by arbitration, but by agreement; the arbitration which took place was subsequently as to the gas undertaking, when we sold portions of the Birmingham undertaking to the outlying districts.

1174. *Chairman*.] Then, in that case, how can you name the sum of 500,000 *l.* as the specific figure given for goodwill, beyond plant?

Because we know the amount that was in the books; we had our own valuations as to the works, and they were all gone into. The works were carefully valued for our purpose, and we know what we paid over and above for them.

1175. You yourselves valued the works, which you took over at 1,250,000 *l.*?

Yes, that was the valuation of the engineers and of the scientific witnesses.

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1176. Lord *Rayleigh*.] The sum given for goodwill is the difference between what you actually paid, and your own valuation of the works?

Yes; and the value of the works was practically agreed; there was very little difference of opinion about the value of the works. I understood it was the valuation that was set out in the company's books as well.

1177. *Chairman*.] We will now pass to the water undertaking. You say the water undertaking was purchased by agreement?

Yes.

1178. And that you then paid 750,000 *l.* for good will; that is to say, you paid 750,000 *l.* beyond the value of what you took over?

Yes, it was so.

1179. Lord *Lingen*.] Was the total amount paid for the water 1,500,000 *l.*? It was so, in round figures.

1180. *Chairman*.] Now I am going to pass to another point with reference to the price you paid for gas. You say that you charge 2 *s.* 1 *d.*?

That is the lowest price that we charge; our three prices are: 2 *s.* 5 *d.*, 2 *s.* 3 *d.*, and 2 *s.* 1 *d.*, according to the consumption. Our average price is 2 *s.* 2 *d.*

1181. What were the prices during the time the gas was in the control of the private company?

I can give you the price at the time we took over the undertaking. I do not know that I can go back and give the series of prices. The price at the time we took over the gas (that is the last year of the gas company's trading, 1875) was within a fraction of 3 *s.* 1 *d.*

1182. As against 2 *s.* 1 *d.*?

As against 2 *s.* 2 *d.*, which is the average of our three prices based upon consumption.

1183. Lord *Rayleigh*.] All relating to the same quality of gas?

We have only one quality; I can give the exact figures now. The price of gas at the time of the transfer was 3 *s.* for over 100,000 feet per quarter, 3 *s.* 2 *d.* from 25,000 to 100,000, 3 *s.* 4 *d.* from 10,000 to 25,000, and under 10,000, 3 *s.* 6 *d.*; that was in 1875.

1184. *Chairman*.] What did you charge in 1880; did you lower the prices immediately?

We have lowered the prices four times at different periods. I was not aware that I was to be examined upon these points or I would have been prepared with them.

1185. You are liable to be cross-examined about everything?

We have lowered our price four times. Now I will give the particulars; we lowered it 3 *d.* in 1876, that was the year after the transfer, we lowered it 3 *d.* in 1879, and we lowered it 3 *d.* in 1881, and we lowered it 2 *d.* and 4 *d.* according to consumption, averaging about 3 *d.* in 1884.

1186. So that the public consumer has gained a great reduction in price since the corporation took over the gas works?

Yes.

1187. You say also that you make 25,000 *l.* a year net profit?

Yes.

1188. And that goes in reduction of the rates?

It does.

1189. Now with regard to water; how do your prices for water compare now with the prices which the consumer paid when the water was in the hands of private companies?

They have been reduced twice since the purchase of the undertaking.

1190. When was the purchase made?

In 1875.

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1191. Can you give me the figures?

I am afraid I cannot give you the exact figures.

1192. But the prices are appreciably lower now than they were then?

They are.

1193. The Corporation make no profit whatever out of the transaction?

They make no profit; on the contrary, they made a slight loss during the last two or three years.

1194. You object to Bill No. 1, because you object to purchase by agreement in the first place?

Yes.

1195. Do you object to the application sliding scale which is proposed?

I do, very strongly, if it is suggested as a substitute for the compulsory power of purchase.

1196. Your position is that the Corporation ought to have a compulsory power of purchasing the electric lighting undertaking?

Yes. I should say the compulsory power of purchasing any monopoly that Parliament chooses to create, and there I would draw a distinction at once, which seems to require drawing. Several witnesses yesterday illustrated the cases of bakers' and butchers' shops as though there were any analogy between them and lighting. The answer is that one comes to Parliament like the Electric Lighting Companies for a monopoly. In that case the Corporation should have power of purchase in the interest of the public.

1197. When you say "monopoly"; is that term correct? Would it not be possible for another Electric Light Company to start in competition?

With the consent of the Board of Trade, yes; but it is extremely unlikely that two Orders would be granted over the same district.

1198. You object then entirely to Bill No. 1?

I object entirely to Bill No. 1.

1199. As regards Bill No 2, you object to the period of 41 years?

Yes, I think it is unnecessarily long.

1200. But you are anxious, are you not, that electric lighting undertakings should start?

I am entirely anxious that they should.

1201. And the Corporation is also?

The Corporation have shown their desire to promote them.

1202. Supposing that the principles of the Act of 1882 are satisfactory, what is the reason, in your opinion, that applications have not been made for Provisional Orders and licenses for electric lighting?

I think, and I am confirmed by friends of my own, who are electricians, that it is the state of electrical science that the difficulties have been by no means surmounted, especially as regards distribution.

1203. You do not think it is owing to the pecuniary terms being insufficient?

I think that that may have deterred investors to some extent, but I do not think that those who were so confident about the electric light in 1882, have been deterred by the terms; they have been deterred, I think, by the state of electrical science at the present time.

1204. Should you not propose to go beyond the terms of the Government Bill?

No, I am not here to object to the Government Bill, but there is a distinction between the period of the Government Bill and the period of Bill No. 2.

1205. You have already stated that you object to Bill No. 2?

I do not like the Bill No. 3 to be looked at as a 40 years' Bill, I like it to be looked

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looked at as a 30 years Bill, possibly to be extended to 40 years, with the sanction of the Board of Trade.

1206. Do you think the principle of the Board of Trade Bill; that is to say, the lengthening of the period before which the purchase is not to take place is not sufficient to obtain capital for electric lighting undertakings?

Not in the present state of electrical science. I do not think the length of term has much to do with it.

1207. Would it be necessary to go further?

No, we must wait for scientific invention, which we all hope to see.

1208. And you are prepared to wait; that is the policy which you would suggest?

As far as the Corporation of Birmingham is concerned, we are waiting.

1209. The object of these Bills is to put an end to the waiting, and you say you are anxious that electric lighting should proceed; what should you suggest, if the lengthening period is not sufficient to obtain capital, the remedy would be?

That is assuming that it is a primary necessity that we should obtain capital for these speculations. I should be rather disposed to wait till electrical science was more advanced, and not speculate till that period arrived.

1210. Upon the whole, you would say the lesser evil was to wait, and do without electric lighting in the meantime?

Yes, certainly.

1211. One word with regard to the Government Bill; you said just now that you assumed the Government Bill fixed the period of 30 years as a rule, with possibly 42 years in certain exceptional cases; what would be your opinion with regard to the advisability of the passing of the Government Bill if it were suggested that the 42 years should be the rule and 30 years the exception?

I should still prefer the Government Bill to the other two, but I do not think it is fair to the local authority that a concession for a period of 42 years should be given as a rule.

1212. You make a proposal in your evidence that companies should be required to obtain the consent of the local authority before making application for Provisional Orders?

Yes.

1213. Can you tell me the terms upon which Provisional Orders are given now?

You mean Provisional Orders in the case of tramways?

1214. Not in the case of tramways but Electric Lighting Companies?

Provisional Orders are granted now without obtaining necessarily the consent of the local authority. If they object they may be called before an Inspector of the Board of Trade, but I should prefer that the law should be analogous to the general law, as in the case of the Tramways, and the Gas and Water Facilities Acts. In all those cases the consent of the local authority is necessary before the Order can be applied for. In the cases of the Gas and Water Facilities Acts, there is power of appeal to the Board of Trade. I want the consent of the local authority recognised as representing the public of the district in which the suppliers of electricity propose to commence their operations.

1215. At the present time the Board of Trade would not grant a Provisional Order without consulting the local authority and hearing what they had to say?

No, they generally communicate with us, but I would rather that the authority in a municipality should be rather more definitely consulted, as it is in the case of tramways.

1216. I understand you propose that the Board of Trade should have the final

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final power of differing from the municipal council, and if they see fit of granting the Order?

I should not object to that.

1217. Then it only differs very slightly from what at present exists?

The difference may seem slight, but I think there is an important principle involved in it. In large towns like Birmingham the municipality having the control of roads and streets should be the first authority to have its consent applied for; the veto is absolute in the case of tramways, and conditional in the case of gas and water facilities; it is absolute, as I say, in tramways, and I want that principle recognised in the case of electric lighting.

1218. I thought you were quoting all three as the same?

I am right in saying that under the provisions of the Tramways Act, 1870, the consent of the local authorities is invariably required, and is final; under the Gas and Water Facilities Acts it is required, but it is capable, if it is refused, of being reviewed by the Board of Trade. The Board of Trade, under those circumstances, have to give special reasons to Parliament for overruling the local authority. I apprehend the best principle is that the local authority should be first approached and their consent first obtained.

1219. Should you object much to the second proposal; namely, that you should be put upon the same footing as you are with reference to gas and water facilities?

I should be prepared to accept that; it sufficiently recognises the principle, if it is in precisely the same terms. Will you allow me to make one or two further observations which I desire to make? Since the preparation of my former proof, I have ascertained that the amount paid by the Corporation of Birmingham to the gas and water companies for goodwill and other shareholders' interests was even more than I ventured to state. It amounted to nearly 750,000 *l.* in each case, or 1,500,000 *l.* in all, over and above the value of the works. I heard the evidence of Sir Frederick Bramwell on Wednesday last, and I wish to make the following observations upon it: I do not propose to follow Sir Frederick Bramwell into the long history of the Birmingham gas arbitrations. I do not think it sufficiently pertinent to this inquiry, but I cannot accept the account he has given. With reference to Sir Frederick Bramwell's answer to Question 430, I say that in the arbitrations to which he has referred, Birmingham did not base its calculation of profits on its maximum rate of 4 *s.* per 1,000 cubic feet, but on the then current rates at which gas was supplied or which might be considered as fairly maintainable, viz., 3 *s.* 1 *d.* What Birmingham claimed was this: they said we have made a good bargain with the Birmingham Company, and a less favourable bargain with the Birmingham and Staffordshire Company, and we claim in selling to base our profits on the amalgamated purchase. The outlying authorities ultimately paid about the same sum as was originally asked by Birmingham previous to the arbitrations, although an increased sum was claimed in the actual proceedings. The Corporation claimed credit for saving by amalgamation, by saving in management and power of raising money. I was not town clerk at this time, but I have read the evidence, and have consulted the secretary of the gas department on the subject. In answer to Question 428, Sir Frederick Bramwell says, "When a corporation is a trader in gas, it amounts to a bar to improvement." I should have thought that the examples of Leeds and Birmingham, who have introduced great improvements in gas manufacture, would not support this statement; I will speak of Birmingham alone. Since the transfer from the companies the Corporation have almost remodelled their principal works. They have introduced Siemens' and other regenerative furnaces, two new forms of stoking and drawing machinery, new retort houses, and a novel method of purification; and they have built at their Windsor-street Works the two largest gas-holders in the world. In answer 438 Sir Frederick Bramwell says: "The man outside the Borough contributes to the rates in the extra price of the gas he is burning." This is only true in a very limited sense. I can show that the outside man is really benefited, because he gets his gas cheaper than he could if locally supplied. The prices outside Birmingham are in all

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cases, with one exception, higher than the Corporation charges. Three out of four of the authorities who purchased their portions of the undertaking have raised their prices, and they all supply gas of a lower illuminating power. I believe the other local authorities still supplied by Birmingham are perfectly satisfied. Several of them have existing agreements to purchase if they think proper on reasonable terms, but they have not chosen to exercise them. We supply their public lamps at 1 s. per 1,000 cubic feet, and private consumers at the same price as Birmingham. With reference to the question asked by Earl Cowper, No. 457, I may say that several influential members of the Corporation were most anxious to obtain an Electric Lighting Order. The local newspapers also advocated it, and it was only when it was conclusively shown that electrical science had not compassed the difficulties in the way, especially as regards distribution, that the Corporation determined to stand aside. In reply to Question 458, the question of loss on the gas undertaking was distinctly raised on that occasion, but it was unanimously agreed that this point could not be taken into account if the new light was likely to prove successful. In reply to No. 466, it is not the least likely that 2,000,000 l., or any such sum would be thrown away. In recent years coals have been carbonised for residuals only, and such undertakings have been made to pay without sale of gas. Besides, the great majority of consumers of gas in Birmingham are retail traders, small manufacturers, and small householders. A great future is probably secured for gas for heating purposes and motive power. With reference to Sir Frederick Bramwell's main point, that the term of 21 years is too short to attract capital, I may point to the fact that London, Liverpool, Bristol, and other large towns, who do not possess their gas undertakings, and, therefore, would be likely to obtain Electric Lighting Orders, have nevertheless declined to do so in the present state of electric science. The term of 21 years, I apprehend, in the case of a corporation would be inapplicable, and the grant of powers would therefore practically be in perpetuity. This remark applies with great force to two Corporations in my own neighbourhood, viz., Worcester and Dudley. Both are in antagonism to local gas companies, as to prices and quality of the gas supplied. And to remove the difficulty, they have recently been, or are now, in negotiation for the purchase of the undertakings, but hesitate to buy on account of the enormous premiums demanded by the companies. Surely, under such circumstances, these Corporations would introduce any competing light that promised even a moderate chance of success. In answer to Question 596, I have consulted Field's Analysis (the document referred to by Sir Frederick Bramwell), and, in the first place, I wish to observe, that the important town of Leeds, which would favourably affect the average as regards Corporations is not included in the tables. These tables contain the working results of the gas undertakings only of those corporate towns who voluntarily supply Mr. Field with their annual returns. Nevertheless, I will deal with these tables as they stand. In answer to Question 596, eight towns are named in which the Corporations manufacture gas, and make a profit. The average gross profit of the eight in 1884, was 13½ d. per 1,000 cubic feet. In answer to Question 609, ten towns are named, in which private companies manufacture and supply the gas, and in these the average gross profit was 10·56 d. per 1,000. Comparing the two averages, it was deduced by Sir Frederick Bramwell, that the Corporations imposed a larger tax (by 3 d. per 1,000) upon the consumers for interest and profit than was represented by the dividends of the Gas Companies. This is only partly true. The corporations have in every case except Manchester, bought the works and business from companies to whom they previously belonged. Their gross profit has to provide the interest upon the purchase-money and sinking fund to redeem the same, as well as any contribution in aid of rates made in consideration of the value of the town guarantee. The corporations are, therefore, as regards the sinking fund, investing money in the purchase of a valuable undertaking, and by reducing the capital are enabling gas to be supplied more cheaply from year to year. Further, the amount paid in aid of rates does at least enure to the benefit of the town to a much more appreciable extent than does the dividend paid to shareholders. The control of streets and pavements should be in the hands of the local authorities, and for this reason, amongst others, the supply of gas  
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and water is rightly entrusted to them. I do not propose to read the Table. I put it in. The Table shows in some detail a comparison of the figures quoted by Sir Frederick Bramwell, and there are added to them corresponding figures for the London and certain suburban gas companies. All the materials are taken from "Field's Analysis," the book used by Sir Frederick. (*The Table is handed in, vide Appendix D.*) From this Table it appears that while the Corporations cited, charged on the average a halfpenny per 1,000 feet more for their gas than did the companies, they provided a better gas, worth at least 2 *d.* per 1,000 more, and they had a balance over, after paying annuities and interest, of more than 6 *d.* per 1,000. This resulted from greater economy in manufacture, in management, and still more in interest upon capital invested. The Corporations had to pay interest upon an average capital equal to 6 *l.* 14 *s.* 3 *d.* per ton of coal used, while the Companies' capital was only 5 *l.* 12 *s.* 1 *d.* Yet the charges against the undertaking for interest were respectively 5·97 *d.* and 10·49 *d.* per 1,000. It is clear, therefore, even from the accounts quoted by Sir Frederick Bramwell that the manufacture is conducted much more economically by the corporations than by the companies, and the disposal of the surplus profit is a matter which may be safely left, as at present, for the ratepayers to decide. Now, my Lords, one paragraph as to Birmingham, and I have done. I may supplement this statement, as regards Birmingham, as follows:—The net average price of gas per 1,000 cubic feet in the last year of the gas companies trading (1875) was nearly 3 *s.* 1 *d.* In 1885 it was 2 *s.* 2 *d.*, showing an advantage to the consumers of 11 *d.* This gain of 11 *d.* represents a gain to the consumers of no less than 150,000 *l.* per annum. The cost of making the gas in these years, that is, the cost of the coals, less residuals, and plus the manufacturing charges, was, per 1,000 cubic feet sold, in 1875 1 *s.* 3·17 *d.*; in 1885, 11·60 *d.*, showing an advantage to the Corporation of 3·57 *d.* It follows that the gain to the consumer, by corporate management, has been nearly 7½ *d.* per 1,000 cubic feet sold. Of this about 2 *d.* represents the saving on interest paid on capital, and the remaining 5½ *d.* savings in cost of distribution and in management expenses. The amount appropriated in relief of rates, that is, the net profit in 1876, the first year of the Corporation management, was nearly 3½ *d.* per 1,000 cubic feet sold; in 1885 it was about 2 *d.* per 1,000, or a difference of about 1½ *d.* per 1,000 in favour of the consumer. The saving of 2 *d.* per 1,000 in interest does not, however, represent the ultimate saving. Although nearly the whole of the loans have now been converted into 3½ per cent. Corporation Stock, there is a large unproductive sum at present employed in the gas undertaking, it having been necessary to undertake extensions of the works. These, in accordance with the general practice under such conditions, have been built to meet the estimated increase in the demand for the next seven or 10 years. I put those facts in, and I submit that they answer the statements made by Sir Frederick Bramwell.

1220. Lord *Balfour of Burley*.] You said you were prepared to wait for the development of electrical science to get electric light; how long are you prepared to wait?

To get the electric light is a thing I do not understand. We have got the electric light in Birmingham, but not distributed from a common centre.

1221. In your own words, how long are you prepared to wait before you get it distributed from a common centre; or if electrical science is so hampered by restrictions as it has been since 1882, how do you expect that it will ever be in any more than an experimental stage?

I cannot admit that it is hampered by restrictions.

1222. Have you any doubt that it would have been possible for concessions to be taken up and worked by the parties if it had not been for the onerous conditions under which they alone have been granted since 1882?

I believe if electrical science had advanced to the extent that it was supposed to have done in 1882, it would have been perfectly practicable for investors to have taken an Order under the Act of 1882, and I can prove it, if

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necessary. I have granted, frequently, leases to tramway companies, who have taken leases for 21 years, with this provision, the construction to be made by the Corporation, half the capital to be found by the company, and interest and sinking fund upon the whole of the construction to be found by the company, to repay the whole cost in 21 years, and a rent of 4 per cent. on the cost of construction for the Corporation, and the whole thing to go to the Corporation at the end of 21 years.

1223. In comparing tramways with electric lighting companies are you prepared to advance to the Committee that that is a fair comparison. In respect to the condition upon which tramway enterprises are prosecuted, they are certain while those of electric lighting cannot be said to be of a definite quantity?

I prefaced my remark by saying if electrical science had advanced to the extent that was represented in 1882, when we had five or six companies competing to supply Birmingham under the terms of the Act.

1224. Do you state that it is because it is impossible for electric lighting to be successful under the present amount of knowledge that the concession which was given to the company in Birmingham has not progressed further than a mere paper stage?

I am assured by electricians that the state of electrical science is not at present satisfactory for the investment of capital.

1225. You are aware that other people hold a different opinion?

To a degree, I believe they do, but there is a great deal of speculation in it. The gentlemen who have been called here have all put their money into it, and no doubt would be anxious to obtain a lengthened time, but I doubt whether it has yet got beyond a speculative stage.

1226. In asking for compulsory power of purchase as a condition of giving a concession, what do you say in answer to the contention of those desiring to get a concession, that they were placed in this position that if they are successful they will be bought out, and if they are not successful they will be left with an unprofitable concern upon their own hands?

I think the period given by the Government Bill would be sufficient to enable them, supposing electricity to have advanced considerably, to make a good profit during the time suggested by the Government Bill.

1227. That being so, it is obvious that it is not their opinion that they could do it, or they would have made the attempt?

The attempt would have been made under the Act of 1882, but the Government Bill would now give them an extra nine years.

1228. You admit that the Act of 1882 has had the effect of stopping them?

I said in my examination-in-chief that it might have affected the men in the City, but I did not think it would have affected electricians materially in the present undeveloped state of science.

1229. After all, it is the men in the City who are the first people to be consulted, and not the electricians; the men in the city find the money?

With regard to financial considerations, no doubt; but I am anxious that you should not assume that because it may be desirable to float an undertaking, therefore the public, whom I contend in large towns the municipalities represent, should have to bear the burden of these great monopolies being given to private undertakers.

1230. That has been thoroughly argued out already, and I will not go into it again, unless there is some inducement given to capitalists; it is not likely that electric lighting will ever proceed much beyond the stage which it has now reached?

I do not know that if electrical science were to advance considerably, and even if it were to fulfil the promise made to us in 1882, by some of its sanguine supporters, I am not sure that the Corporation of Birmingham would not take up electric lighting.

1231. You

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1231. You will not suppose that all corporations are enlightened as the Birmingham Corporation are?

I think there are plenty of corporations very enlightened; that is where I do not agree with Sir Frederick Bramwell.

1232. Lord *Lingen*.] Upon the question of veto, did I understand you to accept this position: that supposing the corporation vetoed the undertaking, there should be an appeal to the Board of Trade?

I accepted that as an alternative. I should prefer that the corporation should be treated as the responsible body within its own borders, and the municipality consulted in the first instance; but I would accept a reference, in case the corporation refused, to the Board of Trade. I have perfect confidence in them.

1233. A reference in order to be effective would involve this: that possibly the Board of Trade might overrule the corporation?

Yes, if they had the same power that they possess under the Gas and Water Facilities Acts, I should not quarrel with the procedure; that is, that they should give their consent and report the same to Parliament.

1234. But subject to that, you would accept the position as conceivable, that a municipal corporation might be overruled?

I would accept it unwillingly. I would prefer the absolute right as in tramways. I have precedents in the case of tramways also disturbing our streets.

1235. It is important to bear this in mind that, if you accept any appeal at all you accept also the possibility that it may overrule the local corporation?

Yes; it may.

1236. I understood you to say that the gas purchase had upon the whole turned out profitably to the corporation, but that the water purchase at present involved a loss; is that so?

Yes. Take water first. The water has been so conducted as just to balance its expenses; it is making a loss in the present year, but will recoup it next no doubt; we work it as nearly as possible just to pay its cost, and when it is paying better we reduce the prices. With regard to the gas, it has paid the corporation in the sense that we have had an average of 25,000 *l.* a year in aid of the rates, but it has also enormously paid the consumer to a much larger extent.

1237. That is to say what he now pays for his gas, plus the addition to his rates, is a great deal less than he paid the former gas company?

It is a great deal less without saying anything about the rates.

1238. The actual cost of the gas has to be made up by what the consumer pays for it, and so far as that does not make it up, it has to be made up out of the rates of the consumer as a ratepayer; do I clearly understand you to say that both as consumer and as ratepayer; when he has paid together what goes out of each of his two pockets, he is still a gainer?

He is a gainer upon each.

1239. He cannot be a gainer upon the rate?

Yes, because we have been put to no cost, owing to the very cheap value of money. We are absolutely making a large profit upon gas, and only giving a small portion back in relief of the rates.

1240. Still it does not matter to the consumer of gas as owner of the money, out of which pocket he pays; he used to pay out of one pocket only, namely, in gas rate to the company; he has now to pay not only his gas rate, but he has to pay this year a certain deficit; it has to be made up?

The deficit is on water; it is a deficit which is inappreciable; it will be corrected next year; it is only a few thousands.

1241. So far as any deficit exists, he has to pay both the rates to the town and the rates for his consumption of gas?

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As a matter of fact, it has made no addition to the rates ; the amount was so small that it has not affected the rate.

1242. Sooner or later, be it great or small, if the amount is not balanced, something must come out of the rate ?

If there were a perpetual deficiency, it would be so ; but the deficiency has never been perpetual, and will be balanced next year.

1243. Therefore I may say that he gains in the gas, because he is actually paying less for it, and his rates are reduced by 25,000 *l.* a year ?

The aggregate of the rates.

1244. He is paying less for water, but at present he is not a gainer as a ratepayer ?

That is so.

1245. Could you tell us what was the reason why the one bargain has been a more profitable one than the other ; how comes it that you have gained upon the gas and have not gained upon the water ?

It has been the result of our own action ; the water we have voluntarily reduced to such a price as will only just repay working expenses upon it. With reference to the gas, although we made some reductions, we have not reduced the profit down to the vanishing point.

1246. What is your reason for drawing that distinction ?

This, that with regard to water, we think it is a prime necessity of life for sanitary purposes, and we think it undesirable to keep the charges for water any higher than we possibly can. With regard to gas, we give back 25,000 *l.* a year to the rates above what we give to the consumer, because we think it a legitimate gain to the Corporation for the risk it had exposed the ratepayers to in taking over the undertaking, the 2 *d.* that we give back, or the 25,000 *l.* a year, does happen to be the exact saving in the interest of the money, the difference between the Corporation security and the rate at which the gas companies had to raise the money : that is a very legitimate thing to give the town the benefit of.

1247. You regard the 25,000 *l.* a year as insurance ?

That is so, in a certain sense.

1248. But you do not capitalise it ; you give it to the rates *de anno in annum* ?

Yes, but we depreciate as well ; we are paying both into the depreciation fund and into the sinking fund.

1249. Is the 25,000 *l.* a clear gain above both the depreciation and sinking fund ?

Yes.

1250. A good deal has been said about corporations trading, and we have also heard that the electric light is at present a light of luxury ; do you take that view of it, that if the electric light were now accessible to the inhabitants of Birmingham, it would be taken advantage of by the richer classes only, or by all classes ?

I feel perfectly certain that it would only be taken advantage of by the rich. I have not heard any witness say that they could compete with any street lighting anywhere in England, certainly not in Birmingham, at 1 *s.* per 1,000, and with regard to cost, our gas is at an average of 2 *s.* 2 *d.*, and I have never heard that electric light could be supplied at anything like that.

1251. As long as that remains the state of electric lighting it would indispose the Corporation, as representing the totality of the inhabitants, to accept electric lighting on purely public grounds ?

On purely public grounds it would ; but there is one thing that might hasten corporations, and that is the suggested grant to the company on extended terms, which they would very much object to.

1252. That

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[Continued.]

1252. That is to say they would prefer to undertake the electric lighting of the town themselves rather than that it should be given to a company?

Yes; in the case of Birmingham, that is so; that is to say, if the terms are to be made much more onerous to the Corporation than they are by the present Act.

1253. But it has been suggested that the Corporation would be adverse to electric lighting because they are gas proprietors. I want rather to have your opinion as to whether there is not another ground upon which they might also legitimately have a doubt about it; namely, that it would probably benefit a portion of the town and not the whole of the inhabitants, and that therefore the breaking up of the streets, and other conditions of that sort would have to be considered with regard to the generality of the inhabitants, and not only with regard to those who might wish to adopt the electric light?

I perfectly appreciate the distinction, and the objection applies equally to the company as to the Corporation.

1254. Lord *Houghton*.] With regard to the terms of the Government Bill, you are aware what the noble Earl alluded to, that a statement was made in the House, that if it appeared to be the opinion of those best able to speak upon the matter, that the 30 years' term was not long enough, the Government would be prepared to propose that it should be extended to 42 years upon the terms of the Gas and Water Facilities Act. I understand that you would not object to that; that is to say, that the Board of Trade should make a report to Parliament of the special circumstances under which they decided to override the local authority?

I understand your Lordship first to ask whether I objected to the extension to 42 years.

1255. Are you prepared to say that it ought not to be 42 years under some circumstances?

No, I am not prepared to say that there might not be circumstances under which it might be 42 years.

1256. If you obtained power of objecting, subject to the overruling authority of the Board of Trade, it would be much the same thing if the term of 42 years was thus stated in the Bill; "42 years, or any less term"; there would be no need to mention 30 years at all?

If I did not distinctly understand that 42 years was to be the minimum, and that the Board of Trade would exercise its discretion in every case as to the period that was to be granted, in that case I should not object.

1257. With regard to Provisional Orders, you said that the Board of Trade was in the habit of hearing both sides; I must read one of the rules which states that; "In all cases of applications for a license, renewal of license, or Provisional Order, to which objection is made by any person locally interested, the Board of Trade, will, if either the applicants or the objectors so desire, hold a local inquiry, of which due notice will be given." As the matter stands at present, there is no risk of the local authority not being considered?

No; but I prefer the position of tramways.

1258. You would not be prepared to say, would you, that there are not cases in which the local authority might unwisely use their power of veto?

I can conceive that, but it is not applicable to large towns, which are practically governed by the ratepayers.

1259. It would not apply to all local authorities. You can conceive cases in which the veto might be unwisely used?

Yes, it is possible to conceive it.

1260. Lord *Bramwell*.] You are not an electrician?

No.

1261. But you are of opinion that electrical science has not sufficiently advanced for people to venture their money in electric lighting speculations, I understood you to say?

No, I think it is not sufficiently advanced.

(92.)

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1262. You

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Mr. SMITH.

[Continued.]

1262. You do not agree with Sir Frederick Bramwell for one, or Professor Forbes and Mr. Crompton, you think they are all wrong?

I think, my Lord, that they would rather agree with me that electric science was hardly sufficiently advanced at present, and they would be glad to see improvements.

1263. I thought they said, if you gave them reasonable terms they were prepared to go into it at once; did you hear Mr. Forbes' evidence; you do not agree with him that capital could be got if the terms were reasonable; I see you do not; I will not press you to answer. Have you read any account of the installation last night of a mile and a half of electric light supplied from the central station at the Great Western at Paddington?

I have not read it yet.

1264. It was a success; is that a surprise to you?

No.

1265. You anticipated a break down?

No, I am not looking at it unfavourably. I am interested in one or two institutions where the electric light has been used.

1266. Here is a mile and a half?

It is a very recent instance.

1267. Did you hear what was said about the American supplies from central stations?

I did; and I was struck with the small amount of capital subscribed for the purpose.

1268. The question is not whether the amount of capital is a small figure, but the question is whether the electrical science is sufficiently advanced for people to put their money into electric lighting speculations, and you say you do not believe it is. I asked you whether you heard what was said about the practice in America?

I listened to that evidence with a great deal of pleasure, because I should like to see the electric light established generally, but I was struck with the fact that the number of installations and the amount subscribed was not at all large, somewhat over half a million of money in the whole of America.

1269. That is not the question. You say you would be glad to see electric light in Birmingham?

Very glad indeed.

1270. And you have given the Corporation and the ratepayers a very good character as persons who would not oppose improvements; how can you know that the thing is successful unless an experiment is tried?

We did not hear anything about the dividend they were paying in America.

1271. I did not say anything about dividends; what you said was this: that electrical science was not sufficiently advanced to ensure the practicability of an electric supply from the central station, and I ask whether you abide by that?

I abide by it; it is not my own opinion only, but the opinion of electricians, friends whom I have consulted.

1272. They would differ from the other witnesses, and say this American story is a myth, in your judgment?

When you say successful, you mean financially successful.

1273. I do not mean financially successful, I mean that the thing can be done if a sufficient price can be got for it?

I have no doubt that it can be done.

1274. Then electrical science is sufficiently advanced?

At what cost. Surely that must be an element in the consideration of practical men.

1275. Electrical

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[Continued.]

1275. Electrical science is sufficiently advanced to do it provided it can be done at a profit. Shall we take that as your opinion?

I believe myself that electric light can be supplied from a centre successfully, but without regard to the cost.

1276. That is to say it is not a practical thing; it cannot be done economically?

No, I doubt it; and you have mentioned the case of America. Gas is very dear in America, and it may have a better chance there.

1277. Just one word more. Birmingham does not think it is sufficiently advanced to undertake it itself?

Not at present. We have several private installations in Birmingham.

1278. Just allow me to ask you this. You use an expression here which implies that you think so. You say: "It is alleged by the promoters of the Electric Lighting Companies that the period of 21 years given by the Electric Lighting Act, 1882, is too short, and they attribute the non-establishment of Electric Lighting Companies in England to the provisions of the Act. The Corporation of Birmingham do not share this view, believing rather that in the present state of electrical discovery the light is the light of luxury, and cannot be supplied to commercial advantage in competition with gas, even at a medium price." Nobody talks of supplying it in competition with gas, because you admit that the two things will go side by side?

As the "light of luxury" it would compete with wax candles, not with gas.

1279. You admit that for the purpose of conciliation the period of purchase may be fairly extended to 30 years. Why do you put it at 30 years?

I take it from the Government Bill.

1280. For the purpose of conciliation you think it may be extended for a period of 30 years; why not 25 or 35 years; have you an opinion?

I take the Government Bill simply.

1281. That is to say, you think it might be extended?

Always keeping to the Electric Lighting Act, 1882.

1282. That is to say, you take the word of the Government that 30 years might do, but the Board of Trade most properly say we think it might be necessary in some cases to extend it to 40 years; why do you fix upon 30 years?

Because I read the Bill, and the Bill provides distinctly that no period exceeding 30 years will be given without the consent of the local authority.

1283. In one part of your evidence you say that for short periods you think the time might be given. Just a word about the consent of the local authority. You give your ratepayers and your corporation well-deserved good characters, that they would not oppose any improvement; but I suppose the introduction of electric light in Birmingham would not mend the profits of the gas concern, would it?

I think it possible that there might be a small loss.

1284. That small loss practically would fall upon the Birmingham gas consumers, or upon the Birmingham ratepayers, would it not?

Upon the Birmingham ratepayers, I should say.

1285. But you do not think it would be more than 25,000 £?

I think it would be very slight.

1286. The Birmingham ratepayers, I suppose, like all other ratepayers, desire to consult their own interest, and if nine-tenths do not consume electric light, I suppose nine-tenths would rather see the electric light at a distance from Birmingham than there, would they not? I will not ask for an answer on that. I will answer it for myself. I should say yes. Please answer this question: do you think it a reasonable thing that those who have a direct interest in saying no, should be the body who are to say yes or no, with no appeal from them?

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[ *Continued.* ]

I say yes, they should be the persons, when they are the municipality representing the public.

1287. When the gas companies were purchased, they were purchased, as I understand, by agreement?

Yes.

1288. Was not this the consideration; The gas companies say, We are making so much profit every year; never mind what we have invested, or what we have not; we are making so much profit every year, and we will sell you the concerns at a certain number of years' purchase at that profit?

That is what we bought upon.

1289. You did not go into the question of their capital, nor the value of their plant, or anything of the sort. You simply said, Here is a concern making so much profit, its prospects being so and so, and for good or for evil we will give you so many years' purchase of it; did not you say that?

I cannot say that we ignored the value of their plant, but we did purchase upon the terms described by you.

1290. That is a very candid answer. Upon coming to inquire into the matter, you found that the money that they had laid out upon their plant was about 750,000 *l.* less than the sum you had agreed to give at so many years' purchase?

We had inquired before.

1291. But, however, it was so, whether you found it out afterwards or before?

It was well known to us.

1292. If you had done the things yourself at the outset, you would have done it 750,000 *l.* cheaper than you did when buying it as a flourishing concern?

Yes, we should.

1293. If you had done it at the outset, you would have done it at the risk of losing some 150,000 *l.*, would you not?

Hardly upon water.

1294. I was speaking of gas, not water?

Of course, if the gas had been a failure, we should.

1295. Now, what I want to ask you, as a fair man, is this: If people who risk losing the whole of their money are fortunate enough to succeed in making a good thing by the outlay, is it reasonable if they were to bear a loss, supposing there was a loss, they should not bear the profit, supposing there is a profit; this 750,000 *l.* saved you the risk of throwing away the 1,250,000 *l.*?

There was a considerable vested interest in the former case; there is none at present in the electric lighting.

1296. I am making an abstract question?

Yes, but allow me to give my answer as well as I can. At present there is no one who is in the position of having sunk money in this undertaking, and we are anxious before they do sink the money that the terms of purchase should be more favourably arranged as regards the public bodies.

1297. That is to say, you would like them to risk their money upon terms, that if it is a failure it shall be at their risk, but if it is a success it shall be at your profit?

That is a very broad way of putting it.

1298. Is it not true?

No.

1299. Where is it untrue?

Assuming they do not commence operations till electrical science has developed rather more, I conceive under the terms of the Government Bill it is possible they may make a very good profit, and get all their money back at the end of the time.

1300. You

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[Continued.]

1300. You think so?

Yes; a sinking fund of 1 per cent. or 2 per cent. would do it.

1301. I do not see how you can think so. You believing that the thing will be a failure, how can you say that in 30 years you think it will be a success?

No; I preface my answer by saying if they waited till the proper time came. I do not think at present there is scope for a company.

1302. There were two gas companies at Birmingham, were there not, which you purchased?

Yes.

1303. Did you discontinue one of the manufactures, or continue both of the manufactures?

We amalgamated the mains and staff and continued both, but we have suppressed one of the small works.

1304. You have two gas factories?

Yes; we have three in point of fact.

1305. But you have amalgamated the mains and the staff?

That is so.

1306. And it brought about considerable economy?

Very considerable.

1307. You are monopolists in Birmingham, are you not?

That term has been objected to; I hardly know how to define it.

1308. I protest that I do not object to the term "monopolist?"

We have a monopoly of the gas and water.

1309. And a very advantageous monopoly for Birmingham it is?

I believe that it has been very advantageous.

1310. I suppose that that amalgamation of the mains and the staff, and other things, helped to reduce the prices very considerably, did it not?

Yes, the expenses of management in the Table which I have put in show that.

1311. Have there not been improvements in the manufacture of gas which you have used from time to time?

Which we have adopted from time to time.

1312. And which the companies could have adopted?

Yes.

1313. Has not the value of residuals risen?

The value of residuals rose considerably some years ago, but it has dropped now to a very low figure indeed, lower than it has ever been.

1314. You talked of the sinking fund, have you any sinking fund in your gas company?

Yes; it is not a gas company, it is the Corporation Gas Undertaking. We have to repay the whole capital.

1315. You borrowed the purchase money?

Yes, we practically borrowed it; we paid one company in cash; we borrowed that, and the rest we raised by paying them gas annuities, and those annuities we have under the direction of the Local Government Board to redeem in a given time.

1316. Practically, therefore, you have got a sinking fund for paying off the debt or obligation that you incurred in purchasing?

Yes.

1317. When that is paid off you will sell gas much more cheaply than you do now even?

Yes, other things being equal.

(92.)

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1318. Can

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MR. SMITH.

[Continued.]

1318. Can you say whether the profits that you received from these gasworks are more than the gross dividend that the shareholders receive? Are you now receiving as much from the public as would pay the whole dividend that the companies paid to their shareholders?

I should think we are receiving more, but I would rather not answer the question offhand.

1319. Then I will not press you?

I have not made the comparison. I may tell you this, that we are selling the gas 11 *d.* cheaper, and that is 150,000 *l.* a year to the consumer.

1320. That is to say, if the consumer paid 11 *d.* more than he does, the whole body of consumers would pay 150,000 *l.* more annually?

Yes.

1321. I happen to know that the Birmingham Corporation purchased the whole of the undertakings of those two companies, was it not so?

Yes.

1322. And part of the district over which the two companies had power was out of Birmingham, and was in the jurisdiction of three other local boards, was it not?

Part of the district of one company, the Birmingham and Staffordshire Company extended into the districts of seven or eight local boards; the other was confined to Birmingham alone.

1323. Some of these local boards insisted upon purchasing of you what you may call their share of the enterprise?

They had power to do so under the Act.

1324. I think you say that they have raised the price to the consumer?

Three have raised it, one remains the same.

1325. Birmingham, by some good fortune, has charged less to the Birmingham folks than the companies did, but the other local boards charge more to their people than the companies did?

Yes, but you must add to that that Birmingham supplies seven or eight outlying districts actually at the same price as Birmingham at the present time.

1326. So that it does not follow always that when things are in the hands of local boards that they charge less?

Some have differential charges against out districts; we have none.

1327. What was it that you said about tramways; are you in the habit of granting concessions yourself upon terms?

Yes; but I may detail shortly the terms. I said that I believed that the 21 years was not an unreasonable term, and I illustrated it by the case of tramways. I say in Birmingham we have several tramway companies, and the terms upon which they started their undertaking is as follows: The Corporation make the tramway, it is calculated roughly that 5,000 *l.* a mile is a fair charge for a mile of single line, the company find half the capital before the Corporation commence; that is 2,500 *l.*, and the Corporation finds the rest; the line is constructed by the Corporation, and the rent is a charge by the Corporation, of 4 per cent. upon the whole outlay.

1328. *Chairman.*] Upon the whole outlay by the Corporation?

Yes, not upon their own money.

1329. *Lord Bramwell.*] That would be about 100 *l.* a year then?

Yes. Then in addition to that a sinking fund is also provided to pay back the whole of the money invested in 21 years, and the company take a lease.

1330. *Lord Ashford.*] Of the two moieties?

No; the company sink 2,500 *l.* in the construction; they pay the Corporation interest on their half of the construction, and they pay in addition,

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[Continued.]

by way of rent, to a sinking fund that will repay the cost of construction in 21 years.

1331. Lord *Bramwell*.] In truth they repay the whole principal and interest?

Yes.

1332. Lord *Ashford*.] Do they pay 5,000 *l.* a mile, or 2,500 *l.* a mile?  
They pay on the 2,500 *l.* a mile.

1333. Lord *Bramwell*.] They repay the capital and repay the interest, until it is all repaid?

Yes.

1334. What else at the end of the 21 years; they give up the lease?  
Then the concern goes to the Corporation.

1335. Of course the Corporation does not take the carriages or horses?  
Not the rolling stock.

1336. Merely the roadway?  
Yes.

1337. So that the undertakers have to make a profit upon 5,000 *l.* a mile and repay the 5,000 *l.* of capital?  
That is so.

1338. Half goes into their own pockets and half into the pockets of the Corporation, and at the end of the 21 years, if they have any customers, somebody may come and take their place, and they will not have the benefit of it?

Yes.

1339. Is that anything like the terms contained in Clause 27 of the original Bill?

It is like it with this difference, that if we had in addition to buy the rolling stock, it would then be similar.

1340. That is just what you have not got to do?  
Then we have not to pay for it.

1341. And you cannot go on with it; you are not at liberty to be tram-workers?

No, we shall have to let it again to another company.

1342. Therefore you are more likely to grant liberal terms to anybody coming forward for another lease?

Yes.

1343. It is not the same thing?  
We should not work it ourselves.

1344. You have very candidly answered me that it is not a reasonable thing to expect that people will embark their capital where they may lose all without having the benefit of its turning out a very successful speculation; you admit that if they run the risk they ought to have the profit to some extent?

I admit they ought to get their money back again, with a fair per centage.

1345. They ought to get that which would be not merely a fair per-centage, if the thing was a certainty, but ought they not to get something which is equivalent to the risk of their losing everything?

I should imagine that the gentlemen who put money into these undertakings always calculated that they would want an 8 per cent. or 9 per cent. dividend to cover those risks.

1346. Then the Government Bill does not give that or anything like it?  
It is possible under the Government Bill.

(92.)

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1347. Does

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Mr. SMITH.

[Continued.]

1347. Does it ensure it?

No.

1348. Is not the effect first of the Government Bill, that at the end of the 21 years they may just have got up a concern to pay 5 per cent., and then, inasmuch as the Corporation can borrow money at 4 per cent., it is worth the corporations having, is not that the condition of things: so that they may have been losing up to the very time when the Corporation found it worth while buy?

There is an element of risk in all these undertakings, but when the Act of 1882 was passed, evidence was given contrary to the idea of their being 21 years before they made a profit.

1349. Would not it be a reasonable thing that you should give them a chance of what you may call extra profit to make up for the risk of extra loss?

All we ask is this; we have been burnt in gas and water, we do not want to be burnt again in electricity. That is the sum and substance of the evidence I can give on behalf of the corporations. I have given you a great deal of ancient history, for which I must apologise; but all we want now that the thing is to be settled, is that the onerous conditions existing with regard to gas and water should not be perpetuated.

1350. You and Birmingham think alike, do you not?

I hope so.

1351. I do not mean on politics, but on such things as these?

I think I am the mouthpiece of Birmingham.

1352. Therefore your opinion and that of Birmingham are identical in a matter of this description. I will read a clause in an Act of Parliament: "At any time after the expiration of 21 years from the passing of this Act and after having obtained from Parliament or any competent Government Department power to purchase the undertaking of the Company and to raise the necessary purchase money the corporation may by notice in writing require the company" (we will suppose that is the Birmingham Corporation) "to sell, and thereupon the company shall sell to the Corporation their undertaking upon terms of paying the then value of all lands, buildings, works, materials, and plant of such company as a going concern suitable to and used by them for the purpose of their undertaking, such value to be determined in case of difference by arbitration, provided that the value of such lands, buildings, works, materials, and plant, shall be deemed to be their fair market value as a going concern at the time of the purchase, due regard being had to the nature and their condition of such buildings, lands, materials, and plant, and to the state of repair thereof, and the suitability of the same to the purposes of the undertaking, but without any addition in respect of compulsory purchase or of good will or of any profits which may or might have been or be made from the undertaking or of any similar considerations; provided also that the company will, if required by the Corporation, support any application to Parliament or to a Government Department for the necessary power, to purchase the undertaking in accordance with the provisions of this Section." In your opinion, is that a reasonable stipulation?

I think it is perfectly reasonable for the subject-matter of the purchase, which is entirely a new thing, namely, a Compressed Air Power Company. I am very glad your Lordship noticed that, for I was going to refer to it myself. That is so, you see we have followed the terms of the Electric Light Act almost *verbatim*, except that to get rid of the old iron theory, which is the name which was applied to the Electric Light Bill, we have put in the words "going concern" as applied to the value of the lands, building material, and so on; but there is to be no payment for compulsory purchase, no payment for good-will, no payment for any profit which may or might be made from the undertaking; that is a fair term of purchase, it is the structural valuation, and I think it is fair. The gas secretary is here, and if you will allow me to give an answer to a question I could not answer at the moment, the gross profit in gas of the Staffordshire  
Company

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[Continued.]

Company in 1875 was 1s. 3 d. per 1,000 feet. I have this figure for the other the gross profit of the Corporation undertaking in 1885 was 9½ d. per 1,000 cubic feet.

1353. I ask whether what you are getting now would pay as good a dividend as was paid before you took over the companies?

I cannot answer that at the moment; the business has largely increased.

1354. Lord *Rayleigh*.] I do not wish to dispute that the Birmingham Corporation have managed the gasworks in an efficient manner, but when you represent that the charge made for gas was 3s. 1 d. per 1,000 by the company before the Corporation took it over, and is now 2s. 2 d., as charged by the Corporation, is not that explainable in some degree by the reduced price of coal?

That is answered, if you have a copy of my additional notes, by the 10th paragraph, where I give the cost of making gas.

1355. That would cover the point of the cost of coal?

I was very anxious it should cover it.

1356. And it is not a large fraction of the whole difference?

No.

1357. You stated at the beginning of your evidence that you objected to the terms of purchase provided in No. 1 Bill, that is to say, purchased by agreement?

Yes; I do not think it would be wise at the present day to trust entirely to agreement.

1358. Those were the terms under which you bought the gas undertaking, were they not?

They were.

1359. You used an expression just now that you were burnt in the matter of water and gas; is it your idea of being burnt that you have been able to reduce the price of gas very largely to consumers and to put 25,000 l. into the pockets of the Corporation in relief of rates; some of us would not mind being burnt if it took that form?

It was a good bargain for the Corporation, but it might have been a great deal better.

1360. Though the terms have turned out favourable to the Corporation, they were not as favourable as they ought to have been?

It is obvious that somebody or other has had the 750,000 l. not represented by the actual value of the plant, which may be possibly represented by the other expenses incidental to getting up the industry.

1361. I understand you to lay down a general proposition that the local authorities ought to have compulsory power of purchase of any monopoly, that was your phrase?

Yes.

1362. What, precisely, do you mean by monopoly?

I think when a body of gentlemen come to Parliament to ask for special powers to break open the streets and roads of a town, then if it is necessary for the purpose of their undertaking to deprive the public of some of its advantages and to interfere with the public roads, and to a certain extent ask for the right to supply that district as opposed to other people, then the Corporation ought to have an opportunity of coming in and saying, we will be the persons to break up our own streets and roads.

1363. You look at it entirely as a question of breaking up the streets and roads?

Not entirely, but I think anything in which there is likely to be a monopoly of supply should be in the hands of the representatives of the ratepayers.

1364. Why is there any likelihood of a monopoly of supply except on that ground?

(92.)

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Mr. SMITH.

[Continued.]

The Board of Trade would be very unlikely to grant conflicting Orders over the same ground.

1365. Is not that upon the ground of inconvenience arising in the streets ?  
Yes, but whatever the reason, there would be the monopoly.

1366. Some witnesses have represented that there is greater monopoly now than there would be after the establishment of an electric light company; is not it true, in one sense, that the Birmingham Corporation have now the monopoly of gas lighting, whereas if the Electric Light Company were established, there would then be, at any rate, competition between gas and electric light, and to that extent monopoly would be diminished; is not that true?

I can hardly call a thing monopoly which is in the hands of the people themselves, through their elected representatives; it is not the same kind of monopoly; it is an unobjectionable form of monopoly.

1367. Monopoly is unobjectionable, if in the hands of the local authorities?

It is in the hands of the people themselves; that is, of their constituted representatives.

1368. Lord *Ashford*.] The majority who elect ?  
Yes.

1369. The minority who do not elect have not their representatives on the board?

That is much the same as in Parliament.

1370. Lord *Rayleigh*.] I understand your view to be this, that if it were possible to supply electric light from a central station without breaking up the streets, you would then see no ground for interference with the free action of any company choosing to undertake it?

No; in the case you put, it would not be necessary for the Electric Light Company to come to Parliament to ask special favours.

1371. It all comes, does it not, to breaking up the streets?  
Yes, and coming to Parliament for protection for a new industry.

1372. Does the company come to Parliament to ask for any other protection than full liberty to break up streets?

I think so, for there are many clauses in the Electric Light Act.

1373. They are mostly clauses restrictive of the company, are they not?

There is this distinction between an electric light company and gas and water companies; gas and water companies give something in return directly to the public in exchange for their monopoly; the one have to light the streets under rather onerous conditions, and the other have to supply water for hydrants, and so on. Electric lighting is, admittedly, a light of luxury; it will only supply, here and there, large houses at present, and they offer nothing to the public.

1374. Do you mean to say that offering a light of luxury is offering nothing to the public?

To a very limited class of the public.

1375. Is it not within your knowledge that, in many cases, electric lighting has been adopted in works and factories on account of the various collateral advantages?

It is not within my knowledge that incandescent lighting has; I have seen arc lighting in large works near Birmingham.

1376. Is there any important distinction in this matter between the incandescent and arc lights?

No.

1377. In that sense electric lighting can hardly be called exclusively a light of luxury; it is a light of luxury in the sense that it has some advantages over gas, and people would be willing to pay something more for it than for gas; that is what you mean by calling it a light of luxury?

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[Continued.]

The phrase was used by Sir Frederick Bramwell, and I accept it. He illustrated a case in his own house next to Lord Aberdare, at Queen's Gate, and said he thought it hard he could not have it.

1378. I wish it explained, because, naturally interpreted, it may be interpreted in too limited a sense?

It is a question of price; I prefer the electric light to gas; I may be able to afford it, but I could not afford a separate installation. The poor people in Birmingham will not take the electric light till it can be obtained cheaper than gas, and that is very improbable.

1379. You mean the poor people having it in their houses?

Yes; the very things objected to in gas in a rich man's house are comforts to the poor man; he likes the warmth of it.

1380. If electric light is found to be advantageous in the factories and workshops, then in a certain sense the poor people would have the advantage of it?

Yes, if that were so; but it is not used to any appreciable extent in the manufacturing districts which I am acquainted with. I am acquainted with many gentlemen in Birmingham, and I may say that the Liberal Club in Birmingham, of which a large number of the corporation are members, has been lighted with the electric light from its commencement; we have a separate installation.

1381. You instanced the Act relating to tramways, are you not willing to admit that there is a great difference between the use of the streets made by the tramway, and any use made by an electric light company?

Yes, tramways are a great disturbance to the traffic no doubt, both in laying down, repairing, and use.

1382. You were speaking just now of the clubs in Birmingham being lighted by electricity; are you aware that all over the country there are many instances of large firms and mills lighted electrically by private installation?

Yes, the hotel in which I am staying is lighted by electricity.

1383. Is not that a proof that electric lighting can be carried out with a financial success?

I should like to answer that when I have seen a balance sheet. I think it is a luxury; they use it as an advertisement, because the guests and members like the light, but I question whether any balance sheet can be shown that would compare favourably with the gas bill for a small building, at all events at Birmingham warehouses.

1384. In your opinion would electric lighting be adopted by a great variety of institutions unless they found it profitable to do so?

I presume so, just in the same way that they gild their ceilings in new hotels, and put up marble columns, and so on; I suppose it pays as an advertisement.

1385. If that is so, does it not rather conflict with the view you took earlier in your evidence, that there was really in the present state of electrical science no adequate opening for electric lighting?

For electric lighting from a common centre, my opinion upon that subject is not worth much; for myself, I do not think it is the Act altogether that has prevented it.

1386. If it answers the purpose of individual institutions, such as hotels and clubs, to supply themselves only by private installation, would it not much more answer the purpose of several to purchase electricity as supplied by the company?

I am told there are disadvantages connected with distribution, but my opinion is not valuable upon that subject; I am told by electrical friends there are great difficulties with regard to distribution.

1387. And there always will remain difficulties until experience has been gained, but if it answers to light large hotels by individual separate installation, it would still more answer to light streets, consisting of several such institutions, from a common centre?

(92.)

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That

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[ *Continued.* ]

That is obvious ; what I should like to see would be a few experiments tried before the whole country was convulsed again by Orders.

1388. Does not it come back to this, that the real obstacle to such experiments as that has been the legislation of 1882 ?

The American instances do not strike me as being strong evidence ; there were installations, but we heard nothing of what they were doing, whether they were profitable or not, and on the Continent, we heard very little about it.

1389. I put it as an inference from the success of single institutions ?

It is quite admitted that a group of buildings could be with a convenient place for a central station more economically lighted than a single building.

1390. Therefore, if single buildings can be lighted with success, a group of buildings could be still more so ?

Yes, I think so.

1391. Lord *Bramwell*.] I suppose these two gas companies at Birmingham must have existed for a great many years ?

Yes, they were very old companies ; one was a very old company. I do not think the Staffordshire was.

1392. I remember when London was lighted by oil lamps, but I suppose gas was introduced into Birmingham very soon after it was first introduced into London ?

Yes.

1393. Can you tell whether for any length of time those companies paid no dividend at all and for what length of time ?

I do not know it of my own knowledge. I am told, but it only comes through the secretary of the gas department, that they began to pay very soon.

1394. There was some time during which they did not pay ?

Yes, for a short time, but not long.

1395. Lord *Wigan*.] Did I rightly understand you to say, in answer to the noble Lord, that the principal objection that you would have to a company coming to supply electric light would be that it would demand power to break up the streets ?

Yes, that would be my main objection.

1396. You said that you thought the electric light was working satisfactorily in certain installations, such as the places that you are acquainted with, namely, the principal buildings in Birmingham ?

Yes, the Art Gallery is not yet supplied ; the only instances that I am familiar with are the Liberal Club and two or three private houses.

1397. Are they lit by engines, or by some other means ?

One is supplied by a storage battery, the other works direct from an engine and dynamo in the basement.

1398. Have you found any vibration or disagreeable effects arising from it ?

I have not lived in any house lit with electric light ; in the club that I alluded to, the engine and dynamo are in sheds in the rear, and we do not find any inconvenience.

1399. You said you were living in a hotel lit by electricity ?

Yes, the Hotel Métropole, which is lit by electric light ; some people say they can hear the dynamo, but it does not affect me.

1400. Lord *Ashford*.] I see that on page 4 of your proof, you say that the Corporation of Birmingham believe that, in the present state of electrical discovery, the light is the light of luxury, and cannot be supplied to commercial advantage in competition with gas, even at a medium price ; you say that you represent the feeling of Birmingham upon that point ?

Yes, I may say the experience of Birmingham upon that point.

1401. Then

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[Continued.]

1401. Then, in point of fact, the Corporation of Birmingham have made up their minds that the electric light cannot be advantageously supplied at present?

They had made up their mind to that effect in 1882. The subject has not been before them since, but local electricians say that there have not been any great discoveries since.

1402. In one of the answers which you gave to Lord Bramwell you said: assuming a company undertaking to supply electricity did not begin for a few years, until electricity was further developed; do you still adhere to that limitation?

Yes.

1403. And that then they would be able to make a profit?

I do not believe that any company could be started at the present time with a reasonable chance of competing with cheap gas.

1404. In that case I may assume that the Corporation of Birmingham have made up their minds that they will not start anything in the nature of electric lighting?

Not at the present time.

1405. And you have stated, that you think it reasonable that a Corporation which is a supplier of gas, or of an illuminant, such as Birmingham is, should have a veto upon any electric lighting undertaking?

I do.

1406. In that case the Corporation, which has already made up its mind that there shall be no electric lighting, is to have a distinct veto upon the establishment of electric lighting in Birmingham?

No; the Corporation have made up their mind that they will not supply it, they have not made up their mind that no one else shall; on the contrary, there is an electric lighting Order at present in existence in Birmingham; they have done nothing under it, but we have not asked for its repeal.

1407. I understood my noble friend upon my right examined you as to the propriety of the insertion of a clause, such as there is in No. 2 Bill, that in cases where the Corporation is itself the supplier of an illuminant it shall not have a veto; that applies only to licenses; but suppose a clause were put in, extending that which is now applied only to licenses to Provisional Orders, would you consider it an unreasonable provision? It is Section 3 in No. 2 Bill; it provides: "Section 3 (sub-section 1) of the principal Act shall be read and have effect as if the following words, 'Provided always that where such local authority is already the holder of a license or Provisional Order for the supply of electricity within the area or any part of the area in respect of which the application for a license is made, the Board of Trade may, if it shall think proper, grant the license for which application is made without the consent of the local authority'; for 'license' read 'license or Provisional Order'?"

I object to that very strongly. On the contrary, I want to extend the veto to Provisional Orders.

1408. But you have already a veto upon Provisional Orders by the general Act?

No, the general Act only gives us a veto upon a license.

1409. Supposing a clause were inserted in the Bill, giving the Board of Trade power to grant Provisional Orders, notwithstanding the objections of the Corporation, if that Corporation were the purveyor of the light itself, you consider it would be reasonable?

That is the law at present.

1410. But we are making an Amending Act?

But I think the Chairman will bear me out that the law at present is this: the Corporation's consent is required for a license, but is not required for a Pro-

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visional

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[Continued.]

visional Order. I say the Corporation ought to have the power to consent to both a license and a Provisional Order; that is the position; I submit that it is the law.

1411. We are here to amend the Act. I ask whether you approve of the law?

I approve of the law, except that I should like the consent of the Corporation required for a Provisional Order.

1412. You say that you think that, provided the company waited a few years until electricity was rather further developed, they would have a chance of making a fair return for their money under the Government Bill?

Yes, if they were not in too great a hurry to begin, I think they would.

1413. And you said, in answer to Lord Bramwell, that you thought 8 or 9 per cent. was a reasonable amount?

I think that a man ought to have 8 per cent. certainly for an undertaking of this sort.

1414. Are you aware that the price per unit of electricity is fixed in the Act of 1882.

No, the price per unit is not fixed.

1415. It is fixed in the Provisional Order?

Yes. I believe it is in the Provisional Order.

1416. Taking into consideration that the price per unit is fixed in the Provisional Orders, do you think that it would be possible under the Government Bill to raise money, not only to pay a fair return upon the outlay, but to provide a sinking fund to provide 10 per cent.?

Yes, I have already said that a period of 30 years would be ample for that purpose, provided they did not begin too soon; if they began when there was a fair chance of success, 30 years would be a fair term.

1417. Is that consistent with the limitation of the price per unit?

I think so; the Board of Trade must have considered it when they settled the Provisional Orders under the Act of 1882, which gave 21 years.

1418. I ask your individual opinion; take the instance of the Birmingham Electric Lighting Act?

That you see we made only by arrangement, we give 16 years, but we give them more favourable terms of purchase.

1419. *Chairman.*] Very much more favourable?

Yes.

1420. *Lord Ashford.*] I may take it from you that the terms which were granted under the Provisional Order for Birmingham in 1883 are much more favourable than the terms proposed by the Bill of my noble friend, Lord Houghton?

I should think they would be more favourable, but you must remember that the 16 years are only 14, because two years would be taken up, and more favourable terms would be put in. The undertakers ultimately asked for 16 years, because they said it would take two years to get ready.

1421. It is more favourable, is it not?

Much more, as regards subject matter of purchase.

1422. And it is more favourable because it has to be sold at the end of 16 years as a going concern?

Yes, as a going concern much qualified.

1423. As a going concern, however qualified, it is to be sold on terms more favourable than the Bill of Lord Houghton?

Yes, but it is still to be sold, upon a strict valuation, as opposed to a mere calculation of profits.

1424. Terms more favourable are granted by this Provisional Order than are to be found in the Bill of Lord Houghton?

I must

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[Continued.]

I must qualify the way you put it ; terms more favourable, as regards the subject-matter of purchase, but terms less favourable as regards the period within which we were to exercise them.

1425. Suppose a capitalist was to be asked to invest his money, would you consider that the terms offered by the Birmingham Provisional Order were more favourable or less favourable than the terms offered by the Bill of Lord Houghton ?

I think Lord Houghton's Bill on the whole would be more favourable, because I interpret liberally the terms of the present Electric Lighting Act ; I do not consider it is old iron or breaking up price that the thing is to be valued at, and if fairly valued at the end of the term without any reference to their prospective value, with a reasonable sinking fund in 30 years they would get their money back. I should prefer, if I were an investor, to take Lord Houghton's Bill.

1426. I should rather go back to your former answer, and say you thought these terms more favourable ; but I will ask you whether this Provisional Order has been acted upon ?

No, nothing has been done.

1427. Can you say why that is not acted upon ?

The reason I have already given, that the promoters are not so sanguine upon the subject as they were in 1883 when we granted the Order.

1428. Is it not within your knowledge that they have not been able to raise the money ?

It is not within my knowledge, but it is possible ; but the money required would not be very large ; the district is not very large.

1429. Are you not aware as a man competent to form a judgment, that the terms given are not sufficiently good to enable them to raise the money ?

I should not put my money into it, but I do not see any necessity for people to put money into a thing unless it will pay.

1430. At any rate, under the terms given either by the Government Bill or by this Order of 1883, you would not yourself invest money ?

I should not invest money in an electric light undertaking till I had some evidence that it would be a commercial success.

1431. At any rate the terms offered are not sufficiently good to induce capitalists to go into it as a speculation ?

I do not say that the terms of the Government Bill are not sufficiently good, always provided that electrical science has sufficiently advanced.

1432. The terms have not been sufficiently good to raise the money ?  
Apparently not.

1433. As to the Birmingham tramways, to whom are Provisional Orders granted, to the Corporation or to the companies ?

They are granted to the company with the consent of the Corporation.

1434. There is more than one company, is there not ?  
Yes.

1435. How many companies ?

There were originally several Orders and several companies ; but there have been a number of amalgamations. There are about three companies now.

1436. One goes down in the direction of Aston, and one to Edgbaston, does it not ?

None to Edgbaston ; they have ramifications all over the town.

1437. To whom were those Tramways Orders given ?

They are given, in the first instance, to the company with the consent of the Corporation, but there is a clause put in enabling the Corporation to themselves become promoters, which power they invariably avail themselves of, and make

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[Continued.]

terms before the Order is granted, as to what the Company is to pay, the terms of contribution towards expenditure, sinking fund, and interest, and so on.

1438. You were telling me in whom those Provisional Orders vest?

They are granted to companies, with a clause enabling the Corporation to become promoters, which clause the Corporation invariably act upon, so that they ultimately become the promoters themselves.

1439. If there was any question of modification of an existing tramway, or adapting electrical traction, or compressed air traction, to a road, and the road had to be changed, to whom would you apply; to whom does the road belong?

You are asking me a very abstruse legal question; in strict law the soil of the road, I apprehend, belongs to the owners of the adjoining houses, but it is subject to so many rights of easement over it, and under it, that it is very difficult to say in whom the soil is vested; it is practically vested in the Corporation. They have the surface of the road; they have the sewers, and the gas and water pipes, in the case of Birmingham.

1440. Would the company without any further reference to the Corporation be able to break up the road or re-model the road?

No, the Corporation have placed themselves in the position of the companies and become the Promoters of the Order, so that all they have to do is to make the alteration.

1441. To whom must the person breaking up the road apply?

The Corporation.

1442. And notwithstanding the fact that the Corporation is *de facto* the owner of the road, the Corporation is stopped by some Act of Parliament or another from themselves using the road; they must leave their line, but they cannot use it?

They are precluded by the Tramways Act from working the tramways.

1443. As they can take possession of a tramway and not work it, that case would differ materially from their position if they exercised their option of purchasing the electric lighting undertaking?

In that respect it would; I only quote the tramways as illustrating the necessity for the Corporation's consent in the first instance; not carrying a parallel any further.

1444. The possession of an electric lighting installation by a corporation would differ materially from the possession, by a Corporation of a tramway undertaking?

Yes, it is rather analogous to gas supply.

1445. And the difference of degree of possession, which the Corporation would have, would have to be considered in the price at which it was bought?

Yes, we should not buy their rolling stock; on the one hand, we should not have it, and on the other hand, we should not pay for it; that is the only difference that I can see. I only mention the tramway as illustrating the necessity of obtaining the consent of the Corporation.

1446. *Chairman.*] In assuming that in 30 years, or in 41 years, the company will repay its capital by means of a sinking fund, and also a rate of 8 per cent. interest, which has been the rate that you have generally mentioned, you have been assuming, have you not, that they make a profit from the very first?

Yes, I have been assuming that they would not start their company till there was a reasonable chance of making a profit.

1447. Does it always follow, where there is a reasonable chance of making a profit, that a profit is made?

I am afraid not.

1448. Suppose

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1448. Suppose the other case in which, though there was a reasonable chance, that chance did not happen to come off, and in which they made a loss to begin with instead of a profit, would not that interfere with your conclusions somewhat, that 30 years was a sufficient term?

Of course, if they made a very great loss for a number of years, and an ultimate profit, it is conceivable that they might sustain some injury.

1449. And, as you say, at the present time, electric lighting is not in that condition that you can assume that an electric lighting company would be a financial success?

I think not.

1450. So that upon your showing, therefore, it is not at all unlikely that an electric lighting company may be started under a Provisional Order, obtained, we will say, under this new Government Bill, which would not be a financial success?

It is quite possible.

1451. You have objected very much, in the course of your evidence, to the purchase of electric lighting companies as going concerns?

Yes, as going concerns, unqualified.

1452. I am accepting that in every sense?

As a going concern, leading to general arbitration, and so on, I object.

1453. Is it the amount of money that you would have to pay which you object to, or is it the uncertainty?

Both.

1454. To which one do you object most?

The amount of money paid, because that is a certain loss. I object to the going concern, upon the principle of paying maximum dividends to people in perpetuity at the public expense.

1455. That is a principle; it does not necessarily follow, does it, that if you go to arbitration that principle will be adopted?

I gather from Sir Frederick Bramwell that is the principle that is universally adopted.

1455.\* I was not assuming that any principle in particular would be adopted; what I want to know is, are the Corporation more afraid of the uncertainty as to what they may have to pay, than that they will have to pay a large sum?

I do attach great importance to the element of uncertainty, unquestionably.

1456. You have pronounced yourself generally in favour of Bill No. 3?

Yes.

1457. Supposing it should be decided that more favourable conditions than Bill No 3 provides must be given in order to attract capital for the supply of electric light, should you object to an addition beyond the value of the plant, &c., which is fixed in the Bill, if that amount were fixed and not left to arbitration?

Speaking on behalf of Birmingham, I should object to any alteration of the terms of the subject matter of the purchase clause of the Electric Lighting Act of 1882. I think they are fair terms, provided the length of time they allow is satisfactory; it is simply a question of time.

1458. And you would object to any alteration in the way of prolongation of the period?

That is so, beyond that given by the Government Bill.

1459. Lord Wolverton.] Has the acquisition of the gas companies by your Corporation checked improvement generally?

I think the paper that I have handed in, which your Lordships did not all hear, answers that question. Shortly, I may tell you this, we have adopted almost every new system, we have the two biggest gas-holders in the world,

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both

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[Continued.]

both of which have been built by the Corporation, and it will be admitted that we have been as active in the promotion of gas enterprise as any corporation or company possibly can be.

1460. Lord *Ashford*.] And that would effectually prevent your adopting electric lighting?

That is an assumption which you must not make.

The Witness is directed to withdraw.

Mr. CLEMENT DUNSCOMBE, is called in, and Examined; as follows:

1461. *Chairman*.] You are City Engineer of Liverpool, and a Member of the Institution of Civil Engineers, I believe?

Yes.

1462. You appear here to speak on behalf of the Corporation of Liverpool.

Yes.

1463. The Corporation of Liverpool are, I believe, anxious to promote the use of the electric light, are they not, at Liverpool?

Yes; they are prepared to give it every assistance in the way of its development.

1464. And they themselves entered into a contract for the lighting of some thoroughfares in Liverpool, did they not?

Yes; in 1879 the Corporation first took action upon the matter; they obtained an Electric Lighting Act in 1879; and in 1880 and 1882 respectively, entered into contracts for the experimental lighting of certain of the principal thoroughfares within the city of Liverpool, so as to give effect as far as they could to the Act they had obtained.

1465. Did those attempts succeed?

Both failed.

1466. When you say they failed, do you mean financially, or from other causes?

They failed electrically.

1467. For scientific causes?

Yes.

1468. Their engineers were not sufficiently skilled; do you mean that?

The subject was not sufficiently developed at that time, in our case, and in the other case, I believe, it was more financially than electrically.

1469. Did you employ a company?

We employed a company in each case, and entered into a contract for the supply of a certain number of lamps of a specified candle power at so much per light per hour.

1470. Was the capital of those companies fully taken up?

I do not know anything about them financially.

1471. Those two companies failed?

Yes. They failed in not carrying out their engagements with the Corporation.

1472. Are you familiar with other instance in which companies have been established for the purpose of electric lighting besides Liverpool; do you know others from your own knowledge?

No, I do not.

1473. Reasoning from those you do know, the instances of Liverpool, to what do you ascribe their failure, wholly to the Act of 1882?

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Mr. DUNSCOMBE.

[Continued.]

The Act of 1882 had no reference to these two contracts, because the Corporation were working under the provisions of their own Act which had not expired, and not under the Act of 1882.

1474. In 1883 did not you come under the Act of 1882 ?

No; our Act of 1879 was granted for a period of five years, and we were working under it, not under the Electric Lighting Act of 1882.

1475. How was it that you had a private Act of your own ?

The Corporation in 1879 considered that it was advisable to promote an Electric Lighting Bill of their own, and the Act was confirmed by Parliament. This Act conferred powers upon the Corporation to conduct experiments for public electric lighting for a period of five years, and also borrowing powers to the extent of 50,000 £, and it was in developing this Act that they entered into these two contracts.

1476. Do you admit that the Electric Lighting Act, Section 27, has had anything to do with the difficulty of obtaining capital to promote electric lighting ?

I think it has caused a little difficulty, but not so much as is generally ascribed to it. I think the term is rather short for recoupment of the expenditure, but with an extension of the term I think that the purchase clause in the Act of 1882 is amply sufficient to induce capital to enter into the development of electric lighting.

1477. When you say that you think that the Act of 1882 was only partially the cause of the failure to obtain capital, what other causes do you think contributed also ?

The other cause which contributed was the commercial aspect of it. It could not be shown to the public that it could be supplied at such a price as would ensure its adoption on a large scale, consequently the possibilities of profit were not fully secured.

1478. You say you think an extension of time from 21 years to 30 years would be sufficient ?

Yes, I think it would be ample.

1479. Then you are in favour of Bill No. 3 as being an extension of the Act of 1882 ?

Yes, with the provision that the Provisional Orders as well as licenses should be subject to the consent of the local authorities.

1480. But with reference to the point of obtaining the capital, you think that the capital will be obtained by the extension of the term from 21 years to 30 years ?

Yes, I decidedly do.

1481. Upon what do you base that opinion ?

I base my opinion upon the fact that, taking a period of 30 years as the period for the Provisional Order, and assuming it takes five, six, or seven years for the full development of the undertaking, then there remains 22 to 23 years, which is an ample time to create a sinking fund to return to the investors that portion of the sunk capital which will not be recouped to them by the local authority, supposing the local authority availed themselves of the purchase clause of the Electric Lighting Act of 1882. A sinking fund of  $1\frac{1}{2}$  per cent. on the  $3\frac{1}{4}$  per cent. basis of the compound interest table would amount to 50 per cent. of the capital invested, and of course double that amount to the total capital, it is reasonable to suppose that if a municipality availed themselves of the purchase clause, the company would obtain a moderate amount of their capital back under the existing purchase clause, and the balance would be made up by the sinking fund to which I have referred.

1482. You speak of a sinking fund, and you speak of repayment of capital, and you speak of interest ?

Yes.

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1483. All

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Mr. DUNSCOMBE.

[Continued.]

1483. All that assumes that the company makes a profit, but supposing that they do not?

I give the Company seven years to develop.

1484. You give them seven years to develop; when you say that, do you mean that during those seven years they will be neither receiving interest or putting away a sinking fund?

No; they may not be receiving the full interest to which they are entitled, corresponding to the risk which they have undertaken, but they will be no doubt receiving interest, though not sufficient to enable them to allocate a sinking fund.

1485. Why do you say no doubt they will be receiving interest; are you not aware that many electric companies at the present time are receiving none; in point of fact, there are no electric companies which are receiving any, that you know of?

No, I do not think that any electric lighting companies are paying a dividend at present, but such undertakings ought not to be embarked upon if there is not a reasonable possibility of the companies paying a small rate of interest upon the invested capital in the first few years of their life.

1486. What amount of interest do you consider a reasonable amount for an electric lighting company to receive, as an average, over the 30 years of its existence?

I think a maximum of 10 per cent. would be a reasonable amount.

1487. I would like an average?

I should think about 7 or 8 per cent.

1488. And you would propose  $1\frac{1}{2}$  per cent. for a sinking fund?

Yes.

1489. That is  $9\frac{1}{2}$  to 10 per cent.; we will call it 10 per cent. in all?

Yes.

1490. Is it at all probable, do you think, that many companies will come into existence which will pay 10 per cent. all over, under the conditions of the Government Bill No. 3?

I think so, because it is a mere matter of price per unit, and it is so perfectly competent for the Board of Trade either to so increase or reduce the price as to place companies who embark their capital with a fair chance of success in such a position as would enable them to pay 10 per cent. when they were fully developed.

1491. Then everything would depend on the prices which the company were empowered to charge?

Yes, everything. There is another point I might mention, relative to the return of the capital, and it is this, that the question of value of patents ought not to enter into the calculations for final purchase.

1492. You are now going into a different subject, which is not in relation to the question which I asked you; your contention, as I understand, is this: you say you approve of Bill No. 3; Bill No. 3, of course, expressly leaves out all value of patents, and things of that kind?

Yes.

1493. So that I understand it is your opinion that the value of patents ought not to be taken in, but what ought to be considered is the value of the plant in its then condition?

What I desired to explain was this, that the  $1\frac{1}{2}$  per cent. I referred to as a sinking fund would be produced by a considerably less contribution than 1 per cent. on each undertaking by the way in which it would be reserved, inasmuch as a company may have seven or eight different Provisional Orders going, and a small percentage on each one would be sufficient to make up the 1 per cent. which a competing company would require for the recoupment of their preliminary expenses, such as the acquisition of patents, and other rights.

1494. Do

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Mr. DUNSCOMBE.

[Continued.]

1494. Do you know whether the Corporation of Liverpool have any idea of themselves undertaking electric lighting; have they ever thought of it since the failure of these two experiments?

I have no doubt that the Corporation of Liverpool would undertake electric lighting, if they saw their way sufficiently clear to do so.

1495. If they saw their way to obtaining sufficient custom to make it remunerative?

Yes, and if the price was such as would insure a sufficient consumption by the general public, and not only in a few isolated cases.

1496. I have only one other question to ask you, and that is with reference to quite another matter; the gas company of Liverpool, as I understand, is a private company?

Yes.

1497. Has the Liverpool Corporation ever entered into the idea of purchasing that?

Not during the time that I have been in Liverpool, viz, the last seven or eight years.

1498. Do you know of your own knowledge, whether they ever did entertain the idea?

I do not.

1499. Lord *Ashford*.] Did I understand you to say that you thought the Government Amendment Act was sufficiently favourable to allow money to be raised for electric lighting undertakings?

Yes.

1500. Of 42 years?

Thirty years, with power to extend to 42 years.

1501. The Government has told us several times that we may consider it practically as 42 years?

Yes.

1502. Do you consider 42 years sufficient to enable the money to be raised without a going concern clause?

Yes, I think so, and I base my reasons for it upon the fact that tramways are promoted and worked upon a 21 years' clause, and on a purchase clause exactly similar to the Electric Lighting Clause in the Act of 1882.

1503. In order to test the value of your statement, I want to go into figures to a certain amount; you say that the company ought to pay 10 per cent. in order to enable it to put by 1½ per cent. as a sinking fund, and to pay 8½ per cent. dividend?

I think 10 per cent. would not be too large a maximum dividend, considering the risk that an electric lighting company would run in the earlier years of its life.

1504. Then have you gone into the question of how much per unit the company must charge in order to obtain a return of 10 per cent. upon a capital of 100,000 £.?

No, I have not.

1505. Then in point of fact, until you have made that calculation, you can only give your opinion as a surmise and not a thing based upon calculations?

The price per unit is not fixed either by the Electric Lighting Act of 1882 or by the Government Bill; it is fixed in the Provisional Order, and it is perfectly competent for the Board of Trade to alter it in such a way as they may think proper.

1506. I am asking you whether you have made a calculation as to how much per unit the company would have to charge in order to produce for themselves the 10 per cent. which you say is necessary?

I have not.

(92.)

Z

1507. Then

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Mr. DUNSCOMBE.

[Continued.]

1507. Then my further question would also fall to the ground; you cannot say how the price of electricity would compare with the price of gas under those circumstances?

I know, roughly speaking, you may take that gas at 6s. to 7s. per thousand cubic feet will compare with electricity at the unit fixed at present.

1508. Have you gone into the question as an engineer, as to any comparison between the illuminating power of 1,000 cubic feet of gas and a unit of electricity, for instance?

I know generally the question. I have had occasion to go into it from time to time in Liverpool in reporting relative to lighting certain of the streets with gas and electricity, and in the case of Liverpool you may take it, roughly speaking, that light for light it is about 2½ to 3 times as expensive as gas. In Liverpool gas is very cheap.

1509. You have not gone into any calculation as comparing the electric unit with the standard of 1,000 cubic feet of gas as regards illuminating power?

No, I have not gone into any special calculations relative to it.

1510. The object of my question was to elicit the fact, that your answer to the Chairman was a guess rather than a calculation?

I find that incandescent lighting compares with gas at about 6s. 6d., price for price.

1511. I was going to ask you some engineering questions based upon your answers; but I have elicited from you that your answer to the Chairman was really in the nature of a guess, and not founded upon a mathematical calculation, therefore I cannot pursue that?

The Witness is directed to withdraw.

MR. GEORGE WHITELEY, is called in: and Examined, as follows:

1512. *Chairman.*] You are an Alderman of the borough of Blackburn?  
I am.

1513. And I believe you have been Mayor?  
Yes, last year.

1514. And you attend here to speak with reference to electric lighting, not merely in your capacity of a member of the Town Council, but as a cotton spinner and manufacturer?

Yes, also in that capacity.

1515. I understand that you object to Bills No. 1 and No. 2?  
We have petitioned against them.

1516. And you yourself concur, speaking as a manufacturer, in the prayer of that petition?

Yes, I do.

1517. With regard to Bill No. 3, are you in favour of it?  
I am, subject to a conditional consent on the part of the Corporation.

1518. With reference to that question of veto by the Corporation, that is the point to which your amendment applies?

It is.

1519. And upon that point you have this morning heard the evidence given by the Town Clerk of Birmingham?

I have.

1520. May I take it that you concur in the opinions given by him?

Yes, I do; I should be sorry if the purchase clause in Bill No. 3, giving 30 years as the limit, were extended.

1521. I mean with reference to the question of the veto, you concur in the opinions given by him?

I concur with him.

1522. With

18th May 1886.]

Mr. WHITELEY.

[ *Continued.* ]

1522. With regard to the Electric Lighting Act of 1882, are you of opinion that Section 27 has been the clause which has prevented the raising of capital for the purpose of electric lighting?

No. My opinion, as a business man, is that it is the almost prohibitive cost of electric lighting that has prevented capital being raised by and subscribed to these companies; almost entirely I attribute it to that cause.

1523. Do you think that if the period were extended, as proposed by Bill No. 3, to 30 years, with a possible extension to 42 years, that would supply the want which has been felt and enable capital to be raised?

No doubt it would to some extent help in that direction; but until the question of the cost of electric lighting is got over, I do not think that it will help materially.

1524. Do you think that, at the present time, an electric light company, charged with power such as to enable it to obtain a tolerable amount of custom, would be able to make such a profit as to make the undertaking remunerative within the period of 30 years?

If the cost of electric lighting could be brought down to anything similar to gas, I do not think there is anything that would prevent it becoming almost a universal illuminant.

1525. But the cost of electric lighting being what it is, do you think that a company making reasonable charges would be able immediately to obtain a profit at the present time?

No; I do not think, under any considerations, that a company for electric lighting purposes could make a profit in the supply of light for the ordinary business of a manufacturing town.

1526. And you have expressed, in your petition, yourselves unfavourable to Bills No. 1 and 2?

Yes.

1527. And I apprehend that, with regard to Bill No. 1, it is because you think the power of compulsory purchase ought to be given to a corporation; and with regard to Bill No. 2, you object especially to the going concern clause which appears in it?

I think the power of compulsory purchase ought decidedly to be given to the corporations, and I especially object to the going concern clause in Bill No. 2.

1528. Have you any further statement that you wish to make to the Committee?

There are a few points to which I would wish to draw your Lordships' attention, but not at any great length. Your Lordships are perhaps aware that Blackburn, the town which I represent, is the chief manufacturing and chief weaving centre of cotton textile fabrics in the world, I may say, and you, no doubt, will understand, that where there are a great many colours and very many different sorts of cloth, if we could see any prospect of obtaining an electric light that would do better than gas, it would be absolutely incumbent upon us to adopt it. We are bound to be in the van of progress with regard to our manufactures, and could not afford to be left behind by any town which might adopt electric lighting in the district, therefore I can assure your Lordships that, upon the part of the corporation, there is a distinct wish, if they could see their way to adopting the electric light, so to do; but so far, though I in my own works have wished to have it, we have been prevented by the very large expense that attached to it. That is one thing that I wished distinctly to place before the Committee. The expense, perhaps, according to what we have heard from the electric lighting witnesses, may be taken as three times that of gas; if we could in any way effectually reduce it, I myself, speaking upon behalf of my firm, employing a large number of people, should adopt it immediately; therefore I say it is rather cost than any recent legislation that has kept it back. There is another point to which I would draw your Lordships' attention to show you the almost insuperable burdens that corporations have to bear when it becomes necessary to buy up these monopolies, and the almost irreparable injury done to them, from which they n per-

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Mr. WHITELEY.

[Continued.]

petuity are obliged to suffer. I have here the structural value of our gas works, taken in 1876, just before we bought the undertaking, by one of the best gas engineers of the day, Mr. Alfred Penny. The structural value was 222,000 *l.*; the capital of the company in the undertaking at that time was 238,000 *l.*; we were obliged to buy them out at their full maximum dividend, giving them a large bonus. In round numbers, for 238,000 *l.* worth of capital in the gas works, we paid them 559,000 *l.* We have since then been obliged to extend the works, and, furthermore, have reduced the price, which was at the time of purchase 4 *s.*, down to the small price of, on an average, 2 *s.* 9 *d.*, charging the same in outside districts as in the borough, and making absolutely no profits. Now, with regard to the waterworks, is not so long an explanation, but we have really suffered more in this instance. We were suffering from an insufficient and bad supply of water; some extension of the waterworks of the town was absolutely necessary, and the existing water company was at the time intending to come to Parliament to obtain powers to provide further water accommodation. The company had never paid at its best above 8½ per cent.; the dividend had averaged for the five years previous to the purchase a little under 8 per cent. We were obliged to buy up this concern, guaranteeing 9½ per cent., and it has been practically of no use to us, as it was almost entirely worn-out. Of the four reservoirs, they had, there are two of them no use to us, and we do not use one drop of water off their gathering ground; we had to pay for that concern, into which 119,000 *l.* of capital had been put, 283,000 *l.* not to get their water undertaking, because we did not want it, as we afterwards fetched water from 28 miles off, but simply to get these monopolists out of the way entirely. We have now the gas and the water undertakings, representing a cost to the promoters of 341,000 *l.*, and we have paid 842,000 *l.* for them; we have paid half-a-million more to them than they put into it; the interest on which is a charge of 1 *s.* 3 *d.* on the rates in perpetuity.

1529. And you apprehend that if the terms of a going concern were applied to electric lighting, the same sort of thing might happen?

That is what I am almost certain would occur. I am chairman of the highway committee also, and I think that it would be extremely unfair if these companies were permitted to come into our midst, purely for the sake of private profit to themselves, to supply a light of luxury, and with powers to break up our streets. I speak feelingly as chairman of a highway committee, which has spent a great deal of money in putting down concrete underbeddings and granite setts. If these companies are permitted the use and amenities of our streets, they should give some *quid pro quo* to the municipalities, such a *quid pro quo* as was given in the Electric Lighting Act of 1882, where it was contemplated that they should have 21 years in order to make a fair profit and recoup their capital, and then that the Corporation, in return for what they give, consisting of all the advantages and all the facilities of the town, and the field for trade that a town affords, should have the option to resume at the structural value, which your Lordships will understand means with business men anything but a breaking-up price value; such a value is entirely out of the question. The terms of the Electric Lighting Act of 1882 were to my mind distinctly fair. Your Lordships will be aware that you can no more patch up pavement when pipes, or wires, or anything of the kind have been laid, and make it like the original street, than you can patch a garment that has been torn. You may make as good a job as you like, but it will always be easily detected.

1530. That same objection would apply even to a corporation lighted with the electric light?

Certainly; but if the Corporation adopted electric light, they would only do so considering it to be a benefit to the inhabitants, which benefit would compensate them, the inhabitants, for damage to the streets. I may just add that the terms of purchase at which we bought our gas-works were so onerous, that it costs us in interest and sinking fund charges 1 *s.* 3½ *d.* per 1,000 feet of gas on what we make, and moreover, we had to pay a very large bonus to the holders of the C. shares of the gas company actually on account of capital which was not called up.

1531. Lord

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Mr. WHITELEY.

[ *Continued.* ]

1531. Lord *Wolverton*.] In your last paragraph you say you are prepared to give special reasons why the consent of the local authority should be conceded; what are the special reasons?

There are several reasons, but your Lordships have had many of them mentioned by others. A most powerful reason is, an electric lighting company may take the best area of all, an area where all the large mills were, and leave the corporation to supply gas to all the other non-paying districts.

1532. Lord *Methuen*.] I cannot understand why you paid such a large sum for the waterworks that you say were of no use to you?

Very little use indeed.

1533. Why did you pay such an enormous sum for them?

We were bound to come to an arrangement with the water company before we could supply; if we had been allowed to start a competition with them we could have reduced their 9 per cent. to 2 or 3 per cent., and then have bought them up at their real value; as it was we bought them up at the monopoly value.

1534. *Chairman*.] Had they a statutory monopoly?

Yes, undoubtedly; if it had not been a monopoly we could have bought their concern up at one-third the value we had to otherwise pay.

1535. Lord *Ashford*.] I take it that the gist of your evidence is that, except under exceptional circumstances, nobody except the local authority ought to be allowed to set up electric lighting?

No, that is not the gist of my evidence. I should be very glad to see companies come into our midst under proper conditions.

1536. But we must examine whether your conditions are at all sufficient; you think, first of all, without the terms of a going concern, the Bill of the Government is sufficient?

I think the Bill of the Government is sufficient, subject to that conditional veto for which we ask.

1537. You stated in your evidence in chief that as yet electricity is not able to compete as an illuminant with gas?

I did.

1538. You state, in the next paragraph, that "If an electric light company depreciates its plant, as say 4 per cent., and invests it and the accumulations at compound interest at  $3\frac{1}{2}$  per cent., it will, at the end of 18 years, have a fund equal to its original capital invested in works." How do you reconcile those two statements, one that as an illuminant it cannot compete with gas, and the other that at the end of a certain number of years it will have recouped its capital.

I take it that the electric lighting companies are commercial companies purely and simply, and, therefore, ought to be managed upon the same bases as commercial companies are; all commercial companies that I know of set aside a depreciation fund; they are bound to do so in order to keep their machinery up and to recoup their capital. Why should electric light companies be treated differently?

1539. Before they put aside  $3\frac{1}{2}$  per cent. they must make that  $3\frac{1}{2}$  per cent. ? Undoubtedly.

1540. But if, as you state, they cannot compete as an illuminant with gas, how can they set aside  $3\frac{1}{2}$  per cent. ?

I think if an electric lighting company cannot pay its way, that is an argument why it should not be formed nor worked.

1541. The two statements in the two consecutive paragraphs are inconsistent one with the other?

I do not think so.

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Mr. WHITELEY.

[Continued.]

1542. Can you say what will regulate the price to be paid per unit of electricity?

No, I cannot.

1543. Is it legal restrictions, or legal impositions, or is it the price at which it commercially would be profitable?

Undoubtedly the price at which it commercially would be profitable.

1544. And in that case they would have to compete on even terms with gas, or else fail?

Certainly.

1545. And in that case they would not have the 3 per cent which you say they ought to put aside for a sinking fund?

The gas-works companies put aside a sinking fund.

1546. If they make a profit?

No; they must put aside a sinking fund in any case.

1547. Whether they make a profit or not?

Corporations owning gas works are obliged to put aside a sinking fund.

1548. Then they are obliged to do so by law?

Yes.

1549. You stated just now that no legal prohibition affected the question whether electric lighting would be properly introduced or not?

I do not in any way depart from that.

1550. You think that the compulsory purchase at the end of 42 years without any compensation for the loss of prospective profits is not in your view one of those legislative prohibitions which would affect the question, rightly or wrongly, I do not say, but which would affect the question whether an Electric Lighting Company would obtain a profit?

I think that if the public are aware that at the end of 42 years they will get back the capital they first put in, and during the 42 years they are able to make a good dividend, you have everything that is requisite for a company to succeed, and I believe, failing any other adverse reason, money would be obtained.

1551. That is not the question. I ask, if the question whether an Electric Lighting Company would or would not make a profit would not be affected by the fact of whether they would be sold as a going concern, or not as a going concern?

If they could be sold as a monopoly they would have a much better position, but that is what we struggle against.

1552. You stated just now that 42 years was so good a thing that it would not affect the question whether the electric lighting would eventually succeed or not?

I believe I did not say that.

1553. In point of fact the price charged by an electric lighting company must be governed by the price of the gas, if they are to make a profit?

No, because if they competed with gas they would not make a profit.

1554. Then it follows, they ought to have better terms than those given by the Government Bill?

I do not allow that for a moment; they say we must come into your town; we come as weakly plants, we want nursing, and require every advantage; when we have grown up we must have every power to turn against you, and be able to charge you in return for the benefits you have allowed us in your town, a monopoly price, before you shall get the undertaking into your hands.

1555. *Chairman.*] Supposing that these terms of Bill No. 3 were not to attract capital for the purpose of electric lighting, would you be content to wait for further development, and further Acts of Parliament?

I should be content to wait until electric lighting could compete. I do not think that anything that can be enacted by Parliament will make an expensive

article

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MR. WHITELEY.

[Continued.]

article compete with a cheap article; that is the long and short of my view on the question.

1556. Lord *Ashford*] So that you would artificially interfere with it?

No, I think gas would flourish under existing electric lighting legislation; if the positions were reversed it would be impossible to keep gas back, because it is cheap.

1557. *Chairman*.] Do you think it is desirable that we should have electric lighting?

Undoubtedly, if we can get it.

1558. Should you be willing to assent to anything approaching fair terms, in order to obtain electric lighting some years earlier than you otherwise would?

I would accept any terms in favour of electric light companies, so long as they can be given without serious damage to communities and to the public of the country.

1559. You mean provided the amount was actually fixed, and was moderate? Yes, I will take your Lordship's words.

1560. I understand you object to a going concern because of its uncertainty, which, as in these two cases you gave us, turned out to amount in one case to 100 per cent., and in the other to nearly as much loss?

I take it a going concern means paying for the monopoly, because were you able to compete with any of these, either gas or water concerns, you would reduce their maximum dividend which they are earning, and at which you buy it as a going concern, to perhaps one-third; and that I reckon to be the ordinary market value of the undertaking. I would not even object to say that I would buy them at the market value, such market value as they would receive if they were in competition with other companies, but not at their monopoly value. We, as corporations, do not want to do anything unfair, but we do not want to suffer.

1561. Lord *Methuen*.] Would not you be ready to pay more in reason for the electric light than you would for gas?

As a business man, if it were my own concern, I would pay a trifle more. If we pay 300 *l.* a year for gas, we should not like to pay 900 *l.* a year for the same amount of electric lighting, but no doubt should be willing to pay something more than the cost of gas.

The Witness is directed to withdraw.

MR. SAMUEL GEORGE JOHNSON, is called in; and Examined,  
as follows:

1562. *Chairman*.] You are the Town Clerk of Nottingham, and you are also the Clerk of the Peace?

Yes.

1563. You appear here to give evidence on behalf of Nottingham Town Council against Bills Nos. 1 and 2, and in favour of Bill No. 3, with a modification? That is so.

1564. The reasons which make Nottingham Town Council unfavourable to Bills Nos. 1 and 2 are very much those stated, I think, by the last witness?

Yes, by the last witness, and the Town Clerk of Birmingham, too.

1565. Do you concur in the reasons given against Bills Nos. 1 and 2? Entirely.

1566. With regard to the question of purchase of the Electric Light Company.

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Mr. JOHNSON.

[Continued.]

pany as a going concern in Bill No. 2, you in Nottingham have purchased the gas?

Both gas and water.

1567. Will you tell me the terms upon which you purchased your gas?

The maximum Parliamentary dividend. The highest possible dividend that could be paid to the shareholders of the gas company was  $5\frac{1}{2}$  per cent. We paid them  $6\frac{1}{4}$  per cent., 1 per cent. in excess of their Parliamentary dividends, and at a time when the results of their own capital were exhausted, and they would have had to go to Parliament for more capital.

1568. Can you tell me what the valuation of the plant was that you took over?

We had no valuation of plant; the directors refused to allow us scarcely to look over the works; we could buy the undertaking on the terms they proposed to us, or leave it alone.

1569. They had statutory monopoly?

They had statutory monopoly; they were in Parliament constantly for increasing their area of supply, and it was a very profitable thing to supply Nottingham at  $5\frac{1}{2}$  per cent.; they made one or two per cent. every year in excess of their Parliamentary dividends, and in order to dispose of it they constantly increased their area of supply, taking in the villages and the outlying places; that could not pay more than one or two per cent.

1570. You opposed them every time, and the result was that it ended in a purchase?

Yes, and we gave them one per cent. above their Parliamentary dividend.

1571. When you took the works over, did you value them yourselves?

We had no valuation made.

1572. You cannot say what their valuation was?

No, they refused any information whatever; they said, These are our terms, you must buy them on these terms, or leave the thing alone.

1573. With regard to water, what were the terms upon which you took over the water company?

The maximum Parliamentary dividend of the water company was 5 per cent.; they could not pay more than 5 per cent.; they would not take less than 7 per cent. in lieu of their 5 per cent. maximum dividend; we paid them 7 per cent. and the bonus which they demanded, of 20,000 *l.* besides.

1574. Have you reduced your prices for gas and water since you have taken them over?

We reduced the prices for gas almost yearly. At the time it was taken over, the company was charging, with regard to large supplies, its maximum price, 3*s.* 1*d.*; we are now charging 2*s.* 2*d.*

1575. And with regard to water?

With regard to water, we have had the water only four years. The company's supply was limited; we have had to get a fresh supply of water. We had to abandon one source of supply, which was useless, and we are just making ends meet with regard to the water question. We have been improving supply, and have given a more abundant supply to the courts and alleys, watering streets, and other public purposes; fountains, and such things.

1576. You are generally in favour of the terms offered by Bill No. 3?

That is so.

1577. Cannot you express, from your own knowledge, any opinion as to the probability of obtaining capital under those terms?

I never floated a company in my life; all I have done financially is to treat with the Bank of England for bringing out our municipal loan; but I should say if any company offered me, as an individual, 10 per cent., I should look with great suspicion upon it as a speculative concern, and should not put my money into it.

1578. Supposing

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Mr. JOHNSON.

[Continued.]

1578. Supposing if any person were to undertake supplying an article which was confessedly in not a forward state of development, such as electric lighting, would not it be reasonable that they should expect some larger return than 3 per cent. for their money?

Certainly not; gas companies began with 10 per cent., and as money then was, the rate of interest was much higher than now; I think the Parliamentary limit, putting a new capital in gas undertakings, is a very fair one; 7 per cent.

1579. Let us take the article of gas; when the gas company started, gas was in a very undeveloped state, was it not?

Yes.

1580. And because it was not a very safe thing to supply; corporations did not in the first instance undertake to supply it?

Some corporations undertook to supply gas, such as Manchester.

1581. But those who did not?

We did not, because there were companies in the field; and it was not until we had to take it up in the public interest that we began to address ourselves to negotiations with companies.

1582. In the first instance, the corporations did not think it worth while to supply gas?

No, not as a rule.

1583. And do you think if some considerable inducements had not been offered that gas would have been supplied as early as it was?

Probably not.

1584. Have you any other matter to bring before us?

I wish to say that though we are owners of the gas, we have taken a very considerable interest in the process of electric lighting. We have large art galleries in Nottingham. We have converted Nottingham Castle into an art gallery, and we have those lighted with electric light. We have also free libraries, both for reference and for reading, and those we have lighted with electric light. We have also large sanitary wharves, and those are lighted with electric light; those were experiments we have been conducting, and financially the result is adverse.

1585. Very adverse?

Very adverse, indeed.

1586. Have you lost a lot of money by it?

So much so that though the advantage of it is very great in the free library, where there are a large number of persons assembled, because the heat is so much less with the electric lighting than with gas, yet the committee have appealed to the Town Council to allow them to use gas there again and not electric lighting; but notwithstanding that, we should encourage electric lighting, and encourage any company to come to Nottingham. In fact, in November 1883, we asked seven or eight of the then companies to come to Nottingham and take an area of installation and begin the work in Nottingham, and we contemplated getting a Provisional Order to carry it out. We asked one company, the best company financially, as we thought, and they, for a very small area indeed, asked 220,000 £., and the area is so small that you can see what it was by the map; and we also had to find a site that would have cost 30,000 £., and also find all the water that would be required for the purposes of their engines.

1507. Was that under the Act of 1882?

No, we did not propose to go under the Act of 1882, but we agreed with them; and if any Company can come to Nottingham to-day we shall agree with them; and we will come to Parliament to carry out the whole scheme, and we are prepared to do it.

1588. And no company has taken it up?

No.

(92.)

A A

1589. Lord

18th May 1886.]

Mr. JOHNSON.

[Continued.]

1589. Lord *Wolverton*.] With regard to the overhead wires, have not you an Act?

Yes; they were becoming such a nuisance and such dangerous things to the public that we asked Parliament to give us powers, which were conferred upon us, to prevent any person putting overhead wires in any street without our consent.

1590. You found that it was absolutely necessary?

Yes, and I believe it has worked well, and no one has complained of our restrictions.

1591. That is under the power of that Act?

Yes, under the local Act.

1592. Lord *Ashford*.] I gather from you that you are generally favourable to electric light companies?

Yes.

1593. If they do not interfere with corporations they may make as much extension as they like?

If they did interfere with us it would not be an element of consideration; the progress and success of the commercial trade of the town would be more to us than interfering with the corporation.

1594. I understand you to object to the insertion of the words "going concern" in Bill No. 2, because it would enable gas and water companies, and, I suppose, electric light companies, to obtain such extravagant and exorbitant prices upon the transfer of the undertaking to a public authority?

We object to electric light companies obtaining the same extravagant prices for their undertaking that we have to give for gas and water.

1595. You said if the electric light companies do not interfere with the corporation, you would let them make what percentage they like; you said it would not enter into your calculations at all?

I do not understand your Lordship's question. I understand your Lordship to ask me whether or not we should object to an electric light company if it interfered with the profits of the corporation with regard to gas.

1596. No; I said if electric lighting could be introduced, and it did not interfere with the corporations, you would not care what amount of percentage they made upon their capital?

If they asked for no monopoly.

1597. In point of fact, your objection is that they interfere with corporations?

My objection is to their coming to Parliament and asking for monopoly, and then wish us afterwards to buy them out on very heavy terms. We object to Parliament giving the monopoly, which practically compels us to give afterward extravagant terms of purchase.

1598. You say you consider that the Bill No. 3, the Government Bill, would be interpreted in a certain way; that is to say, the local authority must pay, not the breaking-up price, but the value a willing purchaser would give if they sold the works as they stand for the purpose of continuing the undertaking?

Yes.

1599. That is your assumption as to what meaning would be given to that Act?

If my Corporation were acting under that clause I should advise them that they would have to pay a price equal to what I have stated in the written document; that price would be a sufficient price to secure them a return for every shilling of capital they had wisely laid out.

1600. Supposing the Committee adopted Bill No. 3, you would not object to such an alteration being read into that Bill as this, that they should pay the value that a willing purchaser would give for the works and land on which they stand for the purpose of continuing the undertaking?

With

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MR. JOHNSON.

[ *Continued.* ]

With a proviso that we pay nothing for good-will, nothing for prospective profits, and nothing for compulsory purchase.

1601. Lord *Lingen* ] I should like to ask a question with regard to the art galleries, and the library, and the sanitary wharves; do they belong to the Corporation?

Yes.

1602. And are the electric works supplying them with light worked by the Corporation?

With the exception of the castle, the rest are worked by the Corporation.

1603. When you spoke of loss you were speaking of the Corporation works? That was so.

1604. *Chairman.*] One further question with regard to the company you mentioned to us which proposed to take up certain small districts in Nottingham, but asked extravagant prices for so doing, which you finally declined?

We declined to accept an offer.

1605. Did they offer to come in on lower terms?

No.

1606. Then it would appear from that as if they thought the success of the undertaking was rather a speculative thing?

They promised us a return of 6 per cent. upon the money.

1607. They asked you to lend the money?

Yes, they asked us to lend the money, and we had to find the money; they promised us 6 per cent., but they did not bind themselves to it; they said it was only an estimate made by the company, and they required us to pay the 220,000 £. after the installation had been at work 30 days; that is one of the best companies in London.

1608. That shows, does it not, that in the view of that company, which was one of the best companies in London, electric lighting is a very risky matter?

Yes, that is what we thought; and we come to the conclusion that if it was so risky, we would not enter into it at present.

The Witness is directed to withdraw.

MR. HILL MOTUM, is called in; and Examined, as follows:

1609. *Chairman.*] You are Town Clerk of Newcastle-upon-Tyne?

I am.

1610. You have heard the evidence given by the last two witnesses?

I have.

1611. May I take it that you agree with that evidence in a general way?

I do.

1612. You appear here against Bills No. 1 and No. 2, and in favour of Bill No. 3, with a modification?

Yes; I agree generally with the evidence of the Town Clerk of Birmingham so far as it applies to a non gas-owning corporation. Newcastle is supplied with gas by a company.

1613. Is there any matter which you wish to bring specially before the Committee, it appearing that you agree with the evidence of those witnesses?

I would like, with your Lordships' permission, to state some reasons which I think have not been given why the electric light has not become more general. One reason I think is the depressed times since 1882, which, as electricity

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Mr. MOTUM.

[Continued.]

tricity is a light of luxury, comfort, and utility, rather than of necessity, have undoubtedly checked outlay by traders either in their places of business or in their private residences, or by others whose incomes have suffered, and hence the demand for the new light has been very limited; also the hesitation of corporations and companies to accept Provisional Orders with the compulsory supply clause insisted upon by the Board of Trade; I mention that because it is the reason why my corporation did not take a Provisional Order in 1883.

1614. To work themselves?

To work themselves. My corporation promoted a Bill in Parliament in 1882 for various purposes, among others, to obtain power to supply electric light. The electric lighting clauses in that Bill were struck out in the House of Commons, upon the ground that the Electric Lighting Bill would give us all that we desired. We then, in the autumn of 1882, gave the necessary notices of an application for a Provisional Order under the Electric Lighting Act, but in consequence of what I may call the compulsory supply clause, insisted upon by the Board of Trade, we did not proceed with our application.

1615. When you say the compulsory supply clause insisted upon by the Board of Trade, you mean, I suppose, that the Board of Trade wished that you should supply everybody within the area if they asked for it?

The compulsory supply clause is the clause requiring undertakers, whether they be the local authority or an electric lighting company, to supply an area stated in the Order, whether there was a demand for electricity in that area or not.

1616. To supply any one asking for it within the area?

The Provisional Order, which we were told by the Board of Trade we must accept, provided that in one area within the city there should be an installation of electricity, whether there was a demand for it or no demand for it. In the 1883 Orders there is a provision that within two years there shall be an installation of electricity, and mains laid in certain streets prescribed in the Orders. We, not being prepared to say what part of our city we could best light with electricity, declined to take such an Order. We were willing to take the Order upon these terms; we were willing to have our city divided for electric light supply purposes, into districts of suitable dimensions; we thought an eighth of a square mile. We proposed to divide them into two classes; one class in which the supply should be compulsory and the other in which it should be optional; the compulsory supply districts being those in populous parts of the city where the land was covered with buildings, and the optional supply districts in the outlying parts of the city; we were willing to take the Order with a clause to the effect that if in any compulsory supply district there was a demand for a sufficient quantity of electricity (to be specified in the Order) to warrant a supply, we should be compelled to supply it, and we should have done it by contracting with proper electric lighting companies. We thought it was sufficient to supply any part of our city with electricity when demanded, and for that reason we did not proceed with our Order; and I should like to add, that no application for licenses or Provisional Orders under the Act have been made by any electric lighting company for supplying electricity in Newcastle. Six companies gave notice in 1882 of their intention to apply for Provisional Orders; three gave notice of an intention to apply for licenses, and in 1883 one company gave notice of its intention to apply for a Provisional Order, but none of them proceeded with their applications. I may add that electric light is in use in two large engineering works in Newcastle, and in one large drapery establishment, but there is not at present any public lighting. With regard to the argument that the compulsory purchase clause may deter companies from effecting improvements, I would point out that no doubt electric lighting companies would do what every other trading company would do, their best to earn a dividend up to the last moment of their existence, and if they did spend money upon improvements those improvements would be taken into consideration when the undertaking was purchased by the local authority, and the value would be enhanced correspondingly, and if they did not effect improvements they not only would  
lose

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Mr. MOTUM.

[Continued.]

lose some of their profit in consequence of their inefficient supply, but the value of their undertaking, when taken by the local authority, would be correspondingly less in consequence of its being in an unimproved condition. I think the argument the other way goes for nothing.

1617. Let me ask a question upon that. I will suppose a case where additional capital is required for the purpose of the undertaking, the power of purchase accrues to the Corporation three years hence, the additional capital which has to be laid out perhaps may not be making a large return after three years, do not you think that the fact that that undertaking will be brought before the additional capital has had 10 years to develop itself would tell against capital being non-applied?

I think not; if three years before the expiration of the term a large amount of capital is expended upon works, it will be taken into consideration by the valuer. If the period is so short in which the money is expended that there would be a difficulty in raising the capital, there would be no great harm in the improvement not being effected, say for three years; the public would not suffer much in three years.

1618. But the plant would not be as efficient as it otherwise would be if the capital was laid out. If a further sum of money is required to improve the plant, and that sum of money is not laid out, it stands to reason that the plant is not so efficient, or it deteriorates?

It would be so.

1619. And to that extent, no doubt, the plant would suffer?

Unless the company expended the money, which they could do, and get the value of it at the end of the term, as it would be taken into consideration by the valuer. If a large amount of money was expended upon the plant for necessary improvements three years before the expiration of the term, the valuer would give full effect to that, and take it fully into account in the value that he would give.

1620. Lord *Ashford*.] You are aware that the present Act of 1882 does not enable electric light companies to establish themselves, and to give electric light to the public?

Without a Provisional Order, No.

1621. I mean to say it has not proved sufficiently attractive to induce capitalists to invest their money?

I do not believe it has deterred investment of capital; my opinion is, that the electric light companies have not sufficiently brought it before the public. I have never seen a prospectus, speaking for myself.

1622. In point of fact, you would rather go without the electric light than pay the price which would be involved in Bill No. 1 or Bill No. 2?

I do not understand that we are in that position; that we are to go without electric light because we do not accept Bill No. 1 or Bill No. 2?

1623. Do you think that the Bill of the Government, the No. 3 Bill, would offer sufficiently favourable terms to induce capitalists to come it?

I think it would.

1624. Is that founded upon a calculation, or upon a guess?

It is founded upon this, though it has not been shown yet, that the terms of the Act of 1882 have not attracted capital; that similar undertakings have attracted capital; tramways have attracted capital all over the country.

1625. Of course, in order to be commercially successful, they must compete upon level terms with gas, must they not?

I think not. I think that electricity is such a valuable light that there will be a demand for it, and when there is a demand for it, the demand will be supplied by local authorities and electric lighting companies.

1626. Have you calculated what price they must charge? You stated that a well-managed business sets aside for depreciation something between  $2\frac{1}{2}$  and  $7\frac{1}{2}$  per cent. upon the capital?

Yes.

(92.)

A A 3

1627. And

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Mr. MOTUM.

[Continued.]

1627. And you further stated that if the company, that is, the electric lighting company, were to set aside and accumulate 4 per cent., they would recoup the whole of their capital in 18 years. Do you think that that is a reasonable thing to expect?

I do not suggest it as a reasonable thing, but I say it could be done. I would rather suggest that the electric lighting companies themselves, having fixed 10 per cent. as a fair dividend and evidently expecting to earn it, or they would not put in their Bill as the standard dividend, ought not to get as much as that. If they got 8 per cent., it would be a very good dividend, and the Government Bill proposes that the term should be extended to 30 years. Two per cent. accumulated for 30 years would reproduce the capital, and the other 8 per cent. would be shared by the Company. I take it from Bill No. 1 that 10 per cent. is the standard dividend.

1628. Have you taken at what price per electric unit the company would have to charge in order to produce 10 per cent. upon a capital of 100,000 £?

I have not calculated it, but I assume the electric light companies have, because they have fixed 10 per cent. themselves in Bill No. 1; no doubt they have considered it, having regard to the price which can be charged for electric lighting, which is what people will give for it to get it.

1629. Have you yourself made that calculation?

No.

1630. Then, in point of fact, it is a guess and not a calculation?

It is not a guess, it is taken from the Electric Lighting Bill, No. 1.

1631. It is not taken from your calculations?

No; but I must protest against your Lordship taking it as a guess, it is the actual figure in Bill No. 1; 10 per cent. is set out as the standard dividend, and I take it as being well considered by the Promoters.

1632. But you have not considered what price per unit they would pay upon a capital of 100,000 £. in order to obtain 10 per cent?

That is a matter for an electrician.

1633. You have not made the calculation?

No, I have not.

The Witness is directed to withdraw.

*Ordered*, That this Committee be adjourned to To-morrow,  
at Eleven o'clock.

*Die Mercurii, 19 Maii, 1886.*

## LORDS PRESENT:

Earl COWPER.

Earl of CAMPERDOWN.

Lord ASHFORD.

Lord RAYLEIGH.

Lord WIGAN.

Lord HOUGHTON.

Lord WOLVERTON.

Lord BRAMWELL.

Lord LINGEN.

## THE EARL OF CAMPERDOWN, IN THE CHAIR.

SIR GEORGE MORRISON, is called in; and Examined,  
as follows:

1634. *Chairman.*] You are Town Clerk of Leeds, I believe?  
Yes.

1635. The Town Council of Leeds made an application for a Provisional Order under the Act of 1882, but declined to proceed, I believe, because they could not accept the Board of Trade conditions of compulsory supply?  
Yes, within a given period.

1636. Did you take any steps subsequent to that time with reference to the matter of electric lighting, as a corporation?  
Yes.

1637. What have you done?

At the meeting of the council which decided not to proceed with the Provisional Order, it was felt that the matter was of such importance that some public money ought to be spent with reference to it, and the council authorised the Electric Lighting Committee, as contra-distinguished from the Gas Committee (the Corporation appointed an Electric Lighting Committee under the Act of 1882), to spend a sum of 10,000 £. upon experimental electric lighting; with that we have already lighted the municipal buildings at Leeds, including the public library for one, and we are now considering whether to extend further the public lighting in the borough of Leeds. Within the last few days the Victoria Hall, which is in the Town Hall at Leeds, has been lighted by the electric light, with a view to the coming Musical Festival.

1638. In expending that 5,000 £., did you expend the money actually yourselves, or did you do it through the means of a company?

We did it through contractors, Messrs. Paterson and Cooper; they are not a limited liability company, but they are electricians, and we contracted with them.

1639. But the management of the electric light is in their own hands?  
It was, but it is not now, because the contract is at an end.

1640. The Corporation of Leeds has purchased both the gas and water undertakings, has it not, from private companies?  
Yes.

(92.)

A A 4

1641. And

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Sir G. MORRISON.

[Continued.]

1641. And since the Corporation has made the purchase of the gas undertaking they have, I believe, lowered the price of that article charged to the consumers?

That is so.

1642. What are the figures?

When the gas manufacture was in the hands of the companies at the time the Corporation purchased, and before that time, the price generally varied from 3 s. 6 d. to 4 s. 6 d. per 1,000 cubic feet; the Corporation have succeeded in reducing the price of the gas to what is about cost price, namely, 1 s. 10 d. per 1,000 cubic feet.

1643. Have you only one price?

Only one price. In order to show that the object that the Corporation have had in view, as the lighting authority, has been the good of their gas consumers and ratepayers, I may add that not only have they reduced the price, as I indicated, from 3 s. 6 d. to 1 s. 10 d. per 1,000 cubic feet, but they have also reduced the sulphur impurities in the gas by 10 to 15 grains per 100 cubic feet; since the Corporation acquired the undertaking the illuminating power is one candle better, being one candle above the standard, and there is a resolution in the books that that must be kept up; that is, one candle above the power required by the Statute.

1644. With regard to the purchase of the gas undertaking, can you tell me what were the terms under which you purchased it?

After the questions asked of my friend, the Town Clerk of Birmingham, I telegraphed to Leeds, and I have in attendance the gas and water secretaries of the old companies, and I can give any figures. We paid for the purchase of the water 225,731 l. With regard to the gas, the figures are set out in the evidence which I gave before the Committee of the House of Commons in 1882. I can read them to your Lordship. The purchase-money paid to the companies was calculated at the rate of 140 l. for every 100 l. of stock; the purchase money paid to the new company was 330,335 l., and to the old company 366,109 l.

1645. Lord *Bramwell*.] Taking it shortly, the price for the two companies was about 696,000 l.?

Yes, 696,444 l. But this amount does not include some perpetual debenture stock and outstanding loans on mortgage which the Corporation had to take over at the time of purchase, and which would bring the total cost of both companies up to 808,288 l.

1646. *Chairman*.] Was the second company bought upon the same principle as the first, namely, paying 140 l. for every 100 l. of stock?

Yes.

1647. Had you a valuation of the plant that you took over?

No, we had not.

1648. The plant was not valued by the Corporation at the time?

The purchase was by agreement, and I find that it was impossible to specifically point out what was given for certain specific matters in connection with the undertaking; the arrangement with the companies was that a premium of 40 l. should be given for every 100 l., and it was paid.

1649. Did not the Corporation make a valuation of the plant for their own satisfaction when they took it over?

It was some years before I was town clerk; I did not conduct the negotiations, and I cannot answer that accurately.

1650. With reference to the purchase of the water undertaking, will you give me the particulars; tell me the principle upon which the purchase was effected, and after that the amount of purchase-money that you paid?

The amount paid was 225,731 l., each shareholder received the full price of his 25 l. shares with arrears of interest to make up 6 per cent.

1651. You

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Sir G. MORRISON.

[Continued.]

1651. You appear, I believe, to oppose Bills No. 1 and No. 2 and to support Bill No. 3, with a slight modification?

That is so; my Parliamentary and electric lighting committees met, and the whole of the Bills were carefully considered by the committees; and it was determined to ask the town council to support the Government Bill. The matter was brought before the town council, and they came to the determination that the Government Bill was a fair Bill, and that they saw no objection to it, and they determined to support it; and I would like to add that the views of the Corporation of Leeds coincided entirely with the views of the representatives of other corporations in the matter, without any previous consultation. I am authorised to appear here on behalf of nearly the whole of the corporations of England; representing 171, in point of fact, of the corporate towns of the Kingdom; practically the whole of the municipalities; and they came to precisely the same resolution as my own corporation came to; and with reference to those towns which I represent in that sense, of the 171, the number owning gas-works is 56, and non-owners of gas-works 115; and at a meeting of the council of the association, a unanimous resolution was come to, to support Lord Houghton's Bill; about one-half of those voting represent non-gas-owning corporations, and half represent gas-owning corporations.

1652. Do you admit that the failure to obtain capital for the purpose of electric lighting has been due to the Act of 1882?

Of course, after the very strong evidence which has been given by some gentlemen that it is so, I do not like to say that the Act may not have had some remote connection with it: my own view, and the view of many of those connected with corporations with whom I have conversed, is that the real cause of the failure of the electric light companies has been the impossibility at present, from a commercial point of view, for them to compete successfully with gas at an illuminant.

1653. I apprehend that in your view the chief cause of failure is the present cost of electric light?

I am afraid so. My corporation are very anxious about electric light; they would wish to have it, as I stated before in my evidence in the House of Commons. If it had been a better light at as cheap a rate my corporation would have adopted it.

1654. You say you are very anxious to give the electric light to the public; are you of opinion that the terms mentioned in the Government Bill are sufficiently favourable to ensure the capital being found for the purpose of electric lighting?

The gentleman who was called first yesterday, whose name I forget, said he was much afraid that even if either of the other two Bills were passed into law they would not attract the capital.

1655. Just answer my question, please; I am asking your opinion?

I do not think so in the present state of electrical science, when it is admitted that the electric light cannot compete with gas except at 7s. per 1,000 cubic feet.

1656. By whom was that stated?

I think it was Mr. Crompton, whom we know to have had very much practical experience, because we have had negotiations with him at Leeds. Without trying to pin anybody to figures, I say we know as a fact that the electric light cannot fight the gas, except the gas be sold at a very much larger price than it is in all the large towns in England; and I am afraid that that, coupled, no doubt, with a certain sense of insecurity in the market, owing to many of these companies having been in the hands of speculators, would still operate to prevent capital being attracted. Moreover, there was a great deal of money paid for patents which have turned out almost valueless, and that is well known. The public have already lost money in this way, and it is not always easy to restore confidence.

1657. Then may I take it that you consider that, if these terms in No. 3 Bill are conceded, it is possible that capital may be found for the purpose of electric lighting?

(92.)

B B

Of

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Sir G. MORRISON.

[Continued.]

Of course I have very little financial experience, but I heard Mr. Gibbs and other gentlemen give that evidence, and I do not like to say in the face of what they have said, that the capital would be found; my opinion is that the capital will be found the moment the electric light can prove itself a commercial success. I have no doubt of that; we should take it up ourselves at once.

1658. Until it can prove itself what you call a commercial success, do you think it is better on the whole to wait?

I am afraid if it be not an assured success it amounts to a matter of speculation; it may be that speculators interested in the light will take it up, and I shall be delighted if they will, if by so doing the electric light realises the future which we think it has before it; but as at present advised we have no right to assume that it will be able within any very short time to compete with gas, and I hold that until it can compete with gas, or very nearly so, it will not be a commercial success.

1657. Still if we do not obtain any experiments in electric lighting, how are we to arrive at a perfect system?

Experiments are going on every day. It is well known that large numbers of installations are being placed in Birmingham, Leeds, Manchester, and Liverpool; there are private houses being lit with electric light by private people who choose to pay the price of the luxury. Bearing in mind the number of keen wits at work upon the electric light, it will insure it being brought down to a commercial basis as soon as it is possible. I do not see merely because there is not to be a house-to-house experiment that electric lighting will not progress. On the contrary, these private installations will give ample opportunity for experiment. The Paddington case, for instance, which we were all very glad to see, will give every scope for the trial of improvements, and will demonstrate how far the new light can compete with gas commercially.

1660. Passing away from Bill No. 3, and going to Bill No. 1, you appear in opposition to Bill No. 1. You heard the evidence that was given yesterday by other town clerks?

I did.

1661. And do you agree with that evidence substantially, which was to the effect that the great objection to Bill No. 1 is, that it does not allow to corporations a compulsory power of purchase?

I think that that is a very strong and cogent objection to it. There are two others which I may state. A great deal has been said about the streets; of course if it were not for the necessity of breaking up the streets, I apprehend the companies would not come to Parliament at all; that is really one of the main reasons for their coming to Parliament. It is not so much the interference with the streets *per se*, though that we find to be very inconvenient and serious; in point of fact the chairman of our highways committee told me that they had just laid down granite pavement in Leeds, and he says you can never restore the *status quo ante*; when once you remove the pavement it is never the same afterwards. The chairman of the highways committee of Blackburn said yesterday his experience was exactly the same; but assuming that they get the power to break up the streets they then have a practical monopoly, because Parliament would not grant two companies the same right over the same area, in all probability; and assuming the company once has got its mains and got its plant under the highway, it practically has a monopoly. Moreover, it is only fair to point out, especially with the view to what we ask with regard to the Gas and Water Facilities Act, that we practically charge for no easement; though the public is subject to inconvenience while pipes and mains are being put through the streets and the highway is being dealt with, and there is no *quid pro quo* given to the Corporation.

1662. How does that objection apply specially to Bill No. 1? The main objection which the other town clerks have taken to Bill No. 1 is, that the corporations have under that Bill no compulsory powers of purchase, and I asked whether you shared in that view?

Yes, I do, my Lord; and I say this, that under Lord Rayleigh's Bill, practically there is a monopoly created in perpetuity.

1663. Those

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Sir G. MORRISON.

[Continued.]

1663. Those are your objections to Bill No. 1?

My objections go entirely to the clause as to the purchase.

1664. With regard to Bill No. 2, the objection that was taken by the other town clerks to Bill No. 2 was on account of what is known as the "going concern clause"; is that your main objection to Bill No. 2?

I think that the fact that when the company gets its *status* in a town it is not in the position of other traders, is a very important point; that, practically, it has a monopoly. Of course, when any ordinary tradesman or any manufacturer sets up business in a town other tradesmen and manufacturers compete with him and control the price and profit, but here there would be an absolute monopoly given; and I say, that the monopoly having been given, assuming that the undertaking is in any way a success, the company, by doing what all prudent men do, viz., setting aside a depreciation fund, would by the end of 27 years be able to recoup itself and re-imburse its capital. Then I go on to add with regard to plant, that probably the plant would sell for a sum very nearly equal to what it had cost. If any of the plant became obsolete, that would not be paid for, but the advantage would have been obtained out of it by the dividend. Assuming it is good plant, there would be a very substantial reason for nearly the whole of the money being paid for that plant, but the Corporation do not think that anything ought to be allowed for good-will.

1665. The question I ask is whether your main objection to Bill No. 2 is the going concern clause?

Yes.

1666. Is there any further statement which you would like to make?

May I say what I was just about to say when your Lordship kept me to the question. I believe there has been an impression very largely abroad that may have had something to do with the retardment of electrical works under the Act of 1882; the impression that if you bought under that clause you were entitled only to buy the plant as old iron. One noble Lord, my Lord Ashford, is reported in terms to have said, "At old iron price." We have had it carefully gone into, and I simply mention it because I think that that idea prevails with the public. I refer to it to show that if a noble Lord of the great standing of Lord Ashford should come to that view, it is very likely, also, that the public would. I do know that an impression is prevailing amongst the public, that under this Act the corporations could buy up the undertaking as old iron; and my argument is this, that even if it be not true that it is to be sold as old iron, which, I know all lawyers have admitted, yet that idea in itself may have somewhat retarded the progress of the light. I would like to allude to one clause in my letter of the 25th of November 1882, to the Board of Trade, in which I draw special attention to the fact, that that particular day was the last day for the insertion of advertisements by companies intending to apply for Provisional Orders, but that that would in no way deter the Corporation of Leeds from proceeding. It was intimated that, perhaps, the Corporation would apply for a Provisional Order, because the company was applying for the same area; though there was no company, we determined to persevere.

1667. And you did persevere?

We did until we found that the Board of Trade insisted upon a compulsory supply clause. I would like to say that the suggestion upon the part of the advocates of No. 1 Bill is that gas and electricity should be put upon the same basis. I would pray that argument in aid of our position, that we should like to have that limited power of veto, subject to the Board of Trade, which is afforded by the Gas and Water Facilities Act, 1870, given to us.

1668. But which is not identical with the tramways?

In tramways there is an absolute veto.

1669. You would be content with a limited veto; that is to say, a veto subject to appeal to the Board of Trade?

Yes; and the Board of Trade's reasons to be laid before Parliament if we deem necessary.

(92.)

B B 2

1670. Lord

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Sir G. MORRISON.

[Continued.]

1670. Lord Wigan.] I should like to carry on what you said about that; you say in your letter to Mr. Chamberlain, "To-day is the last day for the insertion of advertisements by companies intending to apply for Provisional Orders, and no company has inserted an advertisement, indicating that it intends to apply for an Order with regard to Leeds." Then you say the Corporation went on, notwithstanding the fact that there was no competition, and there was no desire to keep any companies out, you went on lighting the town hall, the public offices, and other contiguous buildings?

At the time that letter was written, it was the intention of the Corporation to apply for a Provisional Order giving them power to light such portions of the town as they thought proper.

1671. The town hall and the public offices need not have been lighted under the Act; I believe you required no authority?

We require no Provisional Order to light the town hall.

1672. You appointed a sub-committee, I believe, to investigate and make themselves thoroughly acquainted with the various systems?

Yes; and they prepared a report upon the subject.

1673. You state that the conclusions to which the sub-committee came as the result of their investigations there, were that there was no possibility of the successful commercial establishment of large central stations, as proposed by the electric lighting companies; upon what reason did they come to that conclusion?

When I used the word "commercial," I meant the successful establishment as against gas. The sub-committee did not mean to come to the conclusion that it was not possible to supply at a very large price, but with the ratepayers' money they felt that they could not indulge in speculation.

1674. Therefore the committee came to the conclusion that although there was an advantage gained by not having the purchase clause inserted, and the Corporation working it, nevertheless there was no commercial probability of success, even having the Clause 27 thrown into the bargain?

That would not have applied if we had gone on ourselves.

1675. Although you would not come under the Clause 27, for the investors to have the fear of the money being lost at the end of 21 years, or partially returned, you could not make the thing likely to be a success?

We wished to supply the electric light, and there was not so much known in 1882 as there is now; it was then thought it could be done. It was put forward in the House of Commons' Committee that it could be done at a price almost as low as that of gas, and we wished to investigate it ourselves, as the local authority representing the largest borough in area in England. We prepared a report upon the subject, and we came to the conclusion that the price of electric light was so much larger than the price of gas that we had no right to speculate with the ratepayers' money in dealing with an illuminant which could not compete successfully at that time with gas.

1676. Are you aware that any large companies have been started since the Act of 1882 has been passed?

I am not aware that any company has been started since the Act of 1882, but I am told by a number of gentlemen that there have been no prospectuses issued and no attempt to get the capital.

1677. I believe two companies are promoting two Bills this Session before Parliament, one being a hydraulic power Bill, and the other a compressed air Bill?

Yes, two companies are promoting Bills; the Corporation, through myself, are appearing before Mr. Courtney and the Speaker's Counsel to allow those Bills to go forward as unopposed measures; those Bills have had inserted in them clauses for the protection of the Corporation of Leeds, both as to highways and as to the power of purchase at the end of a given time, and upon certain terms.

1678. I should

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Sir G. MORRISON.

[Continued.]

1678. I should like to know if you could tell the Committee what terms you have agreed upon?

I should be very happy to answer your Lordship, but I will get the Bill and answer in precise words. This is the Leeds Hydraulic Power Company Bill. The Corporation have got power to require the company to sell their undertaking upon terms of paying the then value, exclusive of any allowance for past or future profit of the undertaking, or any compensation for compulsory sale, goodwill, or any other consideration whatsoever, of all lands, buildings, works, materials, and plant of such company as a going concern suitable to and used by them for the purposes of their undertaking, such value to be determined, in case of difference, by arbitration.

1679. What is the term of years?

The term of years is 30 years.

1680. With those limitations, what do you consider a going concern to be?

It is a question of law; it is practically the structural value. Lord Bramwell stated what a going concern was; but his Lordship knew, if I may say with great deference, that we may exclude from a going concern certain elements which are usually embraced in it, and these gentlemen promoting this Bill, who are large capitalists in Leeds, and understand it perfectly, agree to those terms.

1681. Do you consider that the privileges granted by the Corporation to these two companies would be the same privileges practically as those which are sought by the electric lighting companies, supposing they came to you?

The same privileges with regard to the highways; very much the same. May I explain what I mean by that? The compressed air and the hydraulic companies will obtain power to break up the streets. I am advised by our Corporation engineer that when once either the compressed air or hydraulic power is properly put on, it can be carried from door to door; and referring to one observation made by Mr. Crompton as to the transmission of power being the more important feature in the supply of electric light, these compressed air and hydraulic power companies will do a large portion of the work which otherwise would fall on the electric light company, because each householder may have his own dynamo in his own house, and, assuming the power to be laid on, he may use the machinery and system for lighting purposes in the night, which machinery and system may also be utilised a second time for his ordinary purposes of manufacture during the day, so that under the compressed air and hydraulic power Bills there is a very strong argument to be adduced to the effect that there is no necessity to give electric light companies such a position as is now sought when the compressed air and hydraulic power companies will do half the work at a much less cost; that is a matter of opinion, but our engineer has advised the committee of the Corporation very confidently. We are taking the Bills, having the view that compressed air will be a most valuable and potent factor in the supply of power.

1682. I would ask you with regard to this Bill backed by the Corporation, whether at the end of 30 years your Corporation contemplate being traders to the extent of the power given by this Bill?

It is impossible for me to say what the Corporation of Leeds will do in 30 years.

1683. Their present idea is to assume that power; if they have taken the power of compulsory sale, they contemplate in the future that they will place themselves in the position of suppliers of motive power in the shape of compressed air, or hydraulic power?

Yes; and in doing so they had felt that they ought to take the precaution as representing the ratepayers, and they have it in view that it is not at all impossible that it may become an important element in lighting, and as they are now the lighting authority, having given the ratepayers the advantage of the gas at cost price, they say that they have done nothing to disentitle them to the confidence of Parliament with regard to the question of lighting, and they wish to continue to supply the best light they can at the cheapest rate; that is the view which we have taken of the 30 years' clause.

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1684. Then

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1684. Then I understand that the Corporation has been advised that the compressed air and hydraulic companies would work the dynamos without any increased capital or plant beyond that required for the ordinary purposes of their trade?

Yes.

1685. Whereas the electric lighting companies would only be able to work the plant for the sole purpose of supplying the electric light and power without any additional remuneration?

What I mean by that is this: one, certainly, of the scientific witnesses said that the electric power was no use, except for the purpose of creating light.

1686. That gentleman was speaking of a thing which he knew nothing about?

He was a scientific gentleman called here.

1687. I wish to carry this still further. The compressed air would merely take the position of steam; you would still require to have what is called and vulgarly known as a steam engine; it would be a compressed-air engine, to drive your dynamos; the only thing you get rid of is water boiled by the action of fire, and converted into steam?

I am quite aware of that; but the power is sent from door to door, compressed air in one case, and, in the case of the hydraulic Bill, water.

1688. Lord *Rayleigh*.] I think you stated that the Corporation of Leeds would have adopted electric lighting had they been able to consider that it would be able to compete with gas at the same price?

I did not mean to pin it to the precise price, but about the same price.

1689. Would they have considered it beyond their proper province to supply electricity to a limited number of customers at a price considerably beyond the price of gas?

Of course I cannot answer a question which I had not anticipated of that kind upon behalf of the Corporation; but I should say that there would be this objection to that: that corporations, in my judgment, ought not to supply to a few ratepayers out of the borough fund what they do not supply to all.

1690. If it should eventually be proved that there is a considerable demand for electric light at a price, say half as much again or twice as much as that charged for gas of equal illuminating power, it would be in your opinion unsuitable for the Corporation to undertake the supply?

I understood your Lordship to use the words "general demand."

1691. There never could be a demand for electricity co-extensive with the demand for gas if the price was half as much again or double in proportion to the illuminating power; but without the demand being anything like co-extensive with that for gas, it is possible to imagine that there should be a large and widely spread demand?

That would be a question of policy for the Corporation; if there were a very large and widespread desire for electric light, and we could so work it that we could supply the whole borough as cheaply almost as we could give it to those who were represented by the words "large" and "widespread," then, I think, we should do so.

1692. I understood from your previous answer that the Corporation would have been willing to supply electricity if there was a fair prospect of its superseding gas; did I rightly understand you in that?

What I meant to say was this, that if the electric light should establish itself as an illuminant of general use in the borough of Leeds at about the same price as gas, not materially more than gas, we should be glad to adopt it, but we found when going into it, that it could not be done.

1693. What view would you take of the duty of the Corporation?

I may illustrate it by two questions which your Lordship asked me. Your Lordship said first, Supposing there were a few who wanted it? and I answer that by a general argument that you ought not to supply out of the public money,

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money a few, when the whole of the ratepayers are contributing to that supply, and the few get the advantage; but when your Lordship substitutes the words, "a general and widespread desire," then, I think, it is a question of high policy for the Corporation to decide whether they would take it up, if by "general and widespread" you mean the large bulk of the inhabitants. There is no body so sensitive as a town council, and if there are widespread a great number of people who desire it, they would compel their representatives to have it; there is no question about that.

1694. I understood you to say that, supposing electricity were able to compete with gas, you are of opinion that there would be no difficulty in securing capital to forward electric lighting undertakings?

I should think not; and moreover, there would not be the necessity in many cases, because large corporations would themselves immediately take it.

1695. Does not the question of whether or not electricity can compete with gas, turn very largely upon the terms imposed upon electric lighting undertakings by Parliament?

I should have thought it depended rather upon the inherent value of the commodity of electric light; I mean it depends upon how soon scientific men can get it done at a price which would enable people to have it without paying much more for it than they now do for gas.

1696. However much developed the electric lighting industry might be upon the technical side, surely in the point of view of the promoters it makes all the difference under what conditions they are allowed to undertake the supply?

With regard to future improvements, I say you get all those by private installations; if there are improvements to be made, do not utilise our streets for the purpose of making them, because you have other means, as we all know, of ascertaining any new advantages and improvements in the electric light.

1697. What reason have you for thinking that at the present moment capital would not come forward to support a general electric light distribution, if sufficiently favourable terms were given by Parliament?

I do not think the public generally would advance their capital to electric light concerns, unless they were pretty sure that it would cut out gas as an illuminant; I am not referring to gas for other purposes, heating and so on, but I think they would require to be shown that as an illuminant the price would not be materially greater than that of gas; I should require it certainly.

1698. You think that there can be no general demand for electric light, unless its price could be reduced to very nearly that of gas?

Not in the large boroughs throughout England; there may be in the wealthy parts of London.

1699. Let us consider the wealthy parts of London?

There are certain parts of London where you can get an area, say in the neighbourhood of Grosvenor-square, where the people are wealthy, and they will say, let us have electric light whatever it may cost.

1700. What is the obstacle now to the supply of electric light in those parts of London?

Those gentlemen do have it.

1701. With a private installation at their own houses?

Yes; or you can get a number of gentlemen occupying contiguous houses to have a supply, I believe. I have always understood if you can have a dynamo that will supply a number of houses, there is nothing to prevent gentlemen clubbing together and saying, we will have one installation for the whole of our houses.

1702. Does not that absolutely prove that if the electric light company were allowed to start and light those districts, there would be a sufficient demand for the electric light to make that company pay?

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I am not speaking upon behalf of a rich district, I am speaking upon behalf of the large towns of England; and though in large towns you always find a Grosvenor-square, and no doubt for a certain limited area there are people who would take it, yet generally they would not take it unless it came down to the price of gas.

1703. One great point insisted upon by the witnesses has been the difficulty of getting experience, and that great object would be gained if electric light companies could be induced to undertake their operations even over the most limited area in the most wealthy parts of the town; I understand your opinion to be that in such districts there would be an effective demand for electric light sufficient to give a fair profit to the company undertaking the supply, even although the price were still greater than that of gas?

It would be so undoubtedly, in some limited cases only.

1704. Then what is the obstacle now to experiments being undertaken?

I am not aware of any obstacle to its being undertaken; it could be undertaken without any necessity for breaking up the streets.

1705. No doubt it would be possible for three or four contiguous houses in a street to arrange for a co-operative supply without breaking up the street, but you would admit that the difficulties in the way of such a co-operative agreement are greater than those would present themselves if the electricity were brought to the doors of householders by a company?

In certain cases no doubt it would be so.

1706. What I want to bring out is this, that at the present time, in certain limited districts, the obstacle to the public supply of electricity is the legislative restrictions?

That is not admitted.

1707. You do not admit it?

No.

1708. You have failed to point out any other obstacle than the legislative obstacle?

Is not one great obstacle that they are unable to compete with gas?

1709. But you have admitted that it is not necessary that they should compete with gas in the matter of price?

Only in very exceptional cases.

1710. I was talking of exceptional cases; is there any other obstacle than the legislative obstacle?

They can take a Provisional Order for a particular district, there is nothing to prevent it being done, and as an experiment it would pay to take the Provisional Order; they could then experiment, and that can be done now.

1711. It can be done under the terms of the Act of 1882; but what I desire to point out is that the Act of 1882 is an obstacle at the present moment; do you admit that?

No, I do not; I do not say that it has not been one element, and I am here to-day upon behalf of my corporation to say that we will extend the time from 21 years to 30 years.

1712. Do you admit that the limitation to a period of less than 30 years has been an important obstacle so far?

I do not admit it; but if it has been so we are now prepared to give them nine years longer.

1713. You spoke of a monopoly that might be created in a district by the establishment of an electric lighting company; I do not understand what you mean by a monopoly in that sense?

I mean that when once the local authority has allowed the plant to go underneath

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underneath the streets, practically they have got it there, under your Lordship's Bill, for all time.

1714. How is that?

Because the Corporation have no power to buy. Supposing under your Bill the company say, we will not sell to the Corporation; they are then under our streets for all time.

1715. According to that definition, any baker or butcher of Leeds would have a practical monopoly, because the local authority cannot compel the sale of the business?

No; but may I distinguish between the two; in the case of a baker or butcher there are other bakers and butchers; in the case of an electric lighting company, the fact of there having been allowed a concession by the local authority places them in a position of having no rival.

1716. How does that appear?

It is so in fact; the Board of Trade have never granted two Orders over one area.

1717. Are you acquainted with the Memorandum of the Board of Trade that was issued at the time of the Provisional Order in 1882?

I have not read it this last day or two.

1718. This is it: "As to limitation of profits, revision of prices, monopoly, &c., no clauses are inserted dealing with the above subjects. In the case of companies the undertaking can be purchased by the local authority at farthest at the end of 21 years at the then value of the plant. In the meantime there is, in the first place, the competition with gas, which is likely to be very severe, and, in the second place, the potential competition with other undertakers to keep down prices, as the Board of Trade see no reason whatever why such last mentioned competition should not be an active and potent force. The accounts of the undertakers are open to all. No monopoly is, under the Act, or the Provisional Order, granted or intended to be granted to them; and should they neglect their duties in the district, or charge exorbitant prices, there is nothing to prevent the immediate grant of a license or Provisional Order to a competing set of undertakers within the same district?"

It may have been so at one time; but practically, I believe, the Board of Trade will not grant more than one Provisional Order for one district, and there is no instance upon record, though six applied in my own case, where a second company has been allowed to come in. The Board of Trade are perfectly right, it would be very wrong indeed for a number of rival companies to be continually breaking up our streets.

1719. The date that I read is 1883. Have the Board of Trade receded from that declaration?

I do not say they have in terms, but they have practically. I believe that you will find that the Board of Trade never contemplate allowing that two companies should have the power to supply over the same district.

1720. Has the question ever arisen?

Yes, certainly; I was informed this morning that 19 companies gave notice to one corporation; the Board of Trade can speak upon that. I believe that has been the general principle with regard to gas and water; and in answer to your question I would emphasise this: there is this great distinction between ordinary manufacturers, or bakers or butchers, that there is a competition there, whereas with this there is practically no competition, and they have the full fruits of their enterprise.

1721. Supposing that there should be granted what would amount to a practical monopoly, upon account of the inconvenience of several competitors running over the same streets, what in your view is the objection to such a monopoly as that held by a private company?

My objection in the case of electric lighting would be this, that both Houses of Parliament have sanctioned the principle that corporations shall be water

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and gas suppliers; that is to say, they shall be the water supplying and lighting authority, and if there is to be a system of lighting other than gas, I consider from what Parliament has done in the past, that there is no reason why the electric light should not be in the hands of the Corporation. As far as gas and water are concerned it is *res judicata*, the thing is settled by Parliament.

1722. You drew an important distinction between articles like water and gas, of almost universal use, and the case of electricity, where the supply is comparatively limited?

We in Leeds are most anxious to see the time, which we believe will come, when electricity will be used as a light. Many of those considering the subject think that electricity will be the general illuminant in years to come, and will, as far as illumination is concerned, take the place of gas. I believe so myself. I should not like to say that all the members of my Corporation do, because I have no right to speak for them upon that point. I believe so, and I should be surprised to learn that your Lordship does not hope and believe so.

1723. But you understand under the Bill of Lord Houghton, to which you have no objection, there would be this monopoly given to a private company for a term amounting to 42 years?

Thirty years, and, with the consent of the Corporation, an extension to 42 years.

1724. Not with the consent of the Corporation?

As drafted it is so.

1725. For 30 years there would be, under the Government Bill, a monopoly in the hands of a private company?

Yes, but with a limited right of veto; we should have an opportunity of making inquiries about the company, and we should be able to explain to Parliament that the Board of Trade has overridden us; that we had sound reasons for not allowing the company to enter, unless it was a fit and proper one; assuming it is a fit and proper one, then I see no objection to their obtaining a monopoly.

1726. If there are no objections to a monopoly for 30 years, what are the objections arising after the period of 30 years?

There is a great distinction between the Government Bill, giving a term of 30 years, and a Bill which gives no term.

1727. *Chairman.*] You draw a distinction between a perpetual monopoly and one for a limited time?

Yes.

1728. *Lord Rayleigh.*] I want to understand this; if there is no objection to a monopoly for 30 years, what is the particular objection after 30 years?

The objection is that we find, as a matter of fact, that upon a local authority buying up where they have no compulsory power of purchase, they have had to give very exorbitant prices. I may mention as an analogy the terms obtained upon Mr. Smith's agreement with the London water companies, which illustrates the difficulty of purchase on behalf of the public. It was shown in evidence before Sir William Harcourt's Committee in 1880 that the price of shares upon the Stock Exchange advanced to an aggregate amount of nine millions after the agreements were known. That is an illustration of what happens when there is no compulsory power of purchase.

1729. That assumes that the purchase arrangement is carried out; your position is that a monopoly is a bad thing, but it is not so bad for 30 years as for a longer time?

I do not put it that a monopoly is a bad thing for 30 years.

1730. Then if it is not a bad thing for 30 years, why is it a bad thing for the next 30 years?

What I say is this, that Parliament has recognised the right of corporations as lighting authorities; they have done nothing in the way in which they have dealt with

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with lighting to disentitle them to the confidence of Parliament, and I say if there is to be any illuminant let us have control for the public benefit of it.

1731. After 30 years?

May I say again if it can be done now we are prepared to take it; if electricians can say to us, we can give you the electric light at nearly the same price as gas, we are prepared to take it at once.

1732. I have not succeeded in getting any reasons why you object to a monopoly. You say you want to purchase, and that for 30 years you will allow a monopoly. provided that after 30 years you have power of purchase?

It is a monopoly controlled by the clauses in Lord Houghton's Bill.

1733. I understand that you have no objection to a monopoly for a period of 30 years?

I would not advance that as a general principle; the case of electric light falls under purely exceptional circumstances; I see no objection to that; and that there is no objection upon the part of my Corporation is evidenced by the fact that we allow the compressed air and hydraulic power companies to come in to Leeds upon the same terms practically as in Lord Houghton's Bill.

1734. You regard the granting of a monopoly for 30 years as a consideration to the company for the right that you have of buying them out at the end of 30 years?

There may be something to be said for that; no doubt it is a right given to us.

1735. Because if there is no objection to a monopoly for 30 years, why is there an objection to a monopoly in perpetuity?

I can see very strong reasons why there may be no objection to a monopoly for 30 years, but if it is in perpetuity it may be used against the interest of the general body of ratepayers in the town.

1736. Why may it not be used so during the interval of 30 years?

It will be controlled practically by the terms of the Provisional Order.

1737. You are aware, are you not, that under the provisions of Bill No. 1, the provisions of the sliding scale and the auction clauses, an attempt has been made to meet the objections felt to granting a monopoly in private hands?

Yes.

1738. Is it your opinion that those provisions are inadequate?

I have not considered those provisions apart from the other features of your Bill. I am against your Bill on the grounds I have stated, because the monopoly would be created in perpetuity; I have not considered the question particularly of the sliding scale and auction clauses.

1739. Earl Cowper.] One word as to the question of monopoly. I suppose the electric light would break up the streets much less than the gas and water companies?

I consider that is so; engineers would say so.

1740. Therefore there would be room under the streets for many more wires and many more works of the electric light than of the gas or water companies?

There would be room under the streets, but you would be breaking up the streets, which entails great inconvenience, as your Lordship knows.

1741. But there are many more physical obstacles conducing to a monopoly of gas and water than there are in the case of electric light works?

I do not know precisely now what is the mode of distribution through the streets for electric lighting. I know it was stated in the House of Commons that there would be considerable interference with the streets.

1742. And that even without taking into account the power of going overhead?

The power of going overhead is not raised here.

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1743. Altogether there would be room for many more competing electric light companies than competing gas companies physically?

Physically, I believe there would be.

1744. Lord *Bramwell*.] You do not mean the difficulty as to the power of electricians to form a central station and supply buildings that are placed at a distance?

I do not dissent from the power; all I say is that in England there are at present very few.

1745. You are not troubled with an electrical friend, like Mr. Smith, from Birmingham, had, who creates a doubt in your mind as to the possibility of its being done?

I have heard it stated by gentlemen who have some considerable knowledge of the subject; but I do not state it as my opinion.

1746. I am asking your opinion. You do not doubt that capitalists would be found to advance their money in an electric lighting or power speculation, and that under certain circumstances it could be done in such a way as to give them a fair return for their outlay?

I can conceive of conditions under which capitalists can do it.

1747. You say it is a possible condition of things; then if that is so, if the thing can be done and done so as to pay, can you tell me why it has never been done in England?

I cannot of my own knowledge, but I have been told that the reason is, that, until the Paddington arrangements, there has never been known any large central station at all. I cannot speak of my own knowledge.

1748. Then it comes to this, that you believe that people have not faith enough in their own opinions to venture, and you do not think it is attributable to the Act of 1882?

No.

1749. You think that they have not faith in their own opinions?

It may be so, and I believe it is so in some cases.

1750. I want to know your reason; you say that the thing can be done at a profit, if capitalists would find the money for the purpose. You admit that it has not been done, and I ask you why. Can you give any reasons?

With regard to that, the answer that I would wish to make is this: I have been informed that, although it can be undoubtedly done, electricians have not cared to do it. Now, they might have done it if they had wished.

1751. You have some friend, like Mr. Smith had, who has rather poisoned your mind, I am afraid. While we are upon this, I should like to ask this question: You used an expression which I think you cannot quite have meant, that the Corporation should only supply where they supply to all their ratepayers. Suppose there was a district in Leeds, and I should think that there was, at the back of the infirmary, where people would pay for the light of luxury, supposing it could be supplied to them, not at a loss to Leeds, but perhaps at a small profit, you would not object to its being supplied to them, though the rest of Leeds found it more advantageous to continue its consumption of gas, or what not?

In answer to that, I may say that there would be an element of risk about it, and that risk would fall upon the whole ratepayers.

1752. I know that; but supposing, upon the best calculation you could make, you found that it was a desirable thing to do, you would not object to it because the whole of Leeds did not take the benefit of it, would you?

The Corporation represents the whole borough; the people living elsewhere than at the back of the infirmary would say, No; we object to our funds being taken to supply a luxury, even if it pays, if we do not share in it.

1753. Your funds are not taken because your funds are replaced by the price, you are conveniencing the inhabitants of a particular district by lighting it, and there

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there is no loss to the rates; you could not raise any moral, or legal, or constitutional, or municipal objection to that, could you?

In the present state of the law there would be a legal objection, but the municipal objection I should raise to it would be that you have no right to trade at all. I object entirely to corporations trading; it is only when they have express statutory power given to them by the wisdom of Parliament that I should allow them to do so.

1754. Supposing you could get an express statutory power, would there be any objection then?

My opinion is that the ratepayers who are represented by wards outside the area behind the infirmary, would object to our embarking any capital of which they had not the advantage.

1755. Could they reasonably object, that is the question; but I will not ask for an answer. Now another question. You are of opinion that capital might be invested profitably, in certain choice districts, by capitalists?

Yes, I should think so.

1756. What does it matter what they give for their patents? They have got the patents, and the question is if they can invest more money advantageously, what does it matter what they get for the patents?

I was using that as an illustration to show why the electric lighting had been retarded; that a feeling of disquiet in the public mind had been created, because it was understood that so much money had been lost by the sale of useless patents.

1757. That is to say, that having had so good an opinion of the patents and the advantage of possessing them as to have given a large price for them is the reason why they did not carry their scheme into execution?

No.

1758. Then I do not understand you?

The reason is that so many people have lost their money in the purchase of these patents.

1759. That is the reason why no further capital can be found for carrying out this electric lighting?

No, I do not say that. I say there is a feeling of disquiet with regard to the advance by capitalists of money in electric lighting undertakings.

1760. You said the money could be found, and the thing could be done; now I ask what the price they had to give for their patent has to do with the matter?

I do not say that it has anything to do with it, beyond what I have mentioned.

1761. Now as to the water company; you bought it up?

We did.

1762. The water company must have been rather at a discount; the shares were not at par, were they?

The gentleman who was secretary to the water company tells me that they were at par.

1763. Exactly at par?

I am told, yes.

1764. Did you pay them par value?

Yes; I am told we paid them 25 l. per share and the arrears of interest.

1765. Were they 25 l. shares?

Yes.

1766. What dividend were they paying?

I am told about 4 per cent.

1767. This water company, therefore, has been what you may call an unprofitable

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unprofitable concern, because I suppose it was paying more at the time when you purchased it than it had been paying in its infancy?

This happened in 1852, before I was there.

1768. This somewhat halty concern was got at par with some slight indemnification to them in payment up of past arrears, as compensation for their losing their future chance of profits; that is the conclusion I draw from your evidence. Now, with regard to the gas companies, if I understand you rightly, there were two gas companies?

There were two gas companies.

1769. Were you town clerk at the time of the purchase?

It was in 1870; I was not town clerk till 1877.

1770. But you have got the figures of it?

I gave it in evidence in the House of Commons.

1771. I suppose there was a considerable economy; have you more than one gas factory?

We have three very large gas concerns.

1772. But you have no competition in the mains?

No.

1773. When they were two companies they did compete with each other to a certain extent?

I believe it was so.

1774. And, therefore, there was a simplification of expense; and as Mr. Smith candidly told us in the case of Birmingham, there was only one staff instead of two, and he mentioned only one expense of management instead of two, and he mentioned also an amalgamation of the mains; but I want to know this; what dividends were the gas companies paying them per cent?

Six per cent.

1775. On the nominal capital?

On the share capital.

1776. Six per cent. upon the share capital, upon 140 *l.*, would be 4 *l.* 5 *s.* 8 *d.* per cent.?

Yes, the 140 *l.* was 40 *l.* premium.

1777. So that 6 per cent. upon 100 *l.* would be 4 *l.* 5 *s.* 8 *d.* per cent. upon 140 *l.*?

Yes.

1778. Are the returns that you get now from your works more than at the rate of 4 *l.* 5 *s.* 8 *d.* per cent. upon the 666,000 *l.* that you mentioned?

The only figures that I have are the average price and the average cost.

1779. My object in asking you this question is to see whether in the gross you are not making as much upon your outlay as the company did upon the price you gave to them?

I cannot answer it as a fact without calculation. Of course, we have power if we like to make a profit; we charge cost price, because that is our policy.

1780. I am trying to find out whether the diminished price charged to the consumer is attributable to municipal or corporate management, which I do not suppose you will say is better than private management?

Very much better.

1781. But with regard to gas, you have the same officers, have you not?

No, we retained the secretary of one of the companies, but we have not the same engineers.

1782. You say, I think, in the statement that you laid before us, that you do not think there is much increase in the value of residuals?

I would not say that, speaking to-day, because it is notorious that residuals are cheaper to-day than ever they were during the history of man.

1783. That

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1783. That enables you to sell your gas cheaper?

No, it does not; of course, it will involve this, that if the price of residuals continues as low as it is, it may be essential to increase the price of gas.

1784. But residuals having been at the price at which they have, has been part of the cause of your being able to reduce the price of gas?

I believe with regard to the price, if you took the average, you would find that there was very little difference between the price of coal and the price of residuals, under the old companies and under ourselves.

1785. Leeds has extended, of course?

No; not the borough area.

1786. Never mind the borough area, but the districts supplied with gas has extended?

It has enormously extended.

1787. That enables you to sell your gas more cheaply?

Yes, if we supply a larger number it would; but in admitting that I do not assent to the proposition that there has not been a great deal of that advantage which the ratepayers have derived from gas owing to the municipal management, because that opinion is very strongly entertained.

1788. So you say, and I am not in a position, nor do I desire to contradict you; you have a monopoly now, have you not?

Yes.

1789. And very much to the advantage of the public?

I am satisfied of that.

1790. A competing gas company would be a disastrous thing for Leeds?

There could not be one, because we supply gas at cost price.

1791. Supposing there was a competing company?

It would not affect Leeds; we are supplying gas at cost price.

1792. Supposing they were clever enough to make their cost price less than yours, what then; it is a good thing in itself that you should have a monopoly without any competitors?

It has worked well.

1793. Competitors occasionally ruin themselves. As I understand, your answer to Lord Rayleigh was this: he said if a monopoly is allowable for 30 years, why should it not be allowable for all time, and your answer, as I understand, was this: 30 years may be a necessity to tempt speculators with their capital?

And to establish the light.

1794. But my observation was the right one; it is necessary to tempt the capitalist?

I put the other as well.

1795. Not at all, because what you want to do is to tempt them, and when they are tempted they have found the capital; whether they have established the light or not is immaterial, they are tempted for 30 years?

But one reason why I would say a monopoly for 30 years is right is because I wish the electric light to be established.

1796. You wish them to run the risk, and then the Corporation to come in and take the profit?

If it is a successful concern they will be repaid.

1797. Thirty years you do not object to, but you do object to a monopoly for all time, upon this ground, that Parliament has recognised that you are the lighting body in the town?

Yes.

1798. And that if the monopoly existed for all time, then you would not be the lighting body, but you would only be the lighting body as far as gas is concerned, and therefore to a certain extent your rights and privileges would be interfered with; that is so, is it not?

Yes.

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1799. Has

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Sir G. MORRISON.

[ *Continued.* ]

1799. Has not Parliament recognised that you are the lighting body in the town upon the terms of your buying the gas companies as a going concern?

Yes, I believe it has.

1800. Then why should not Parliament recognise your being an electric lighting body upon the terms of your buying the electric lighting undertaking upon similar terms?

Because I do not believe if Parliament had the gas clauses before it now it would adopt the policy that it then adopted.

1801. You think that the policy which made you the lighting body upon the terms of your buying the gas companies as a going concern, was a bad policy?

It was the best policy under the circumstances, seeing that the gas companies had got a footing in the town under similar power to that in Lord Rayleigh's Bill, viz., upon arbitration terms.

1802. What better policy is there now?

To approve Lord Houghton's Bill.

1803. That is to say, to give worse terms to the electric lighting company?

To prevent the creation of what has proved in the past, with regard to gas, to be a harassing condition upon large public bodies.

1804. A harassing condition?

Yes.

1805. You said that the electric light companies come to Parliament for certain powers, and therefore they ought to give a *quid pro quo*. I quite agree, if they come to Parliament for certain powers, Parliament is bound to make the best bargain for the public that it can with them, but as to the breaking up of the streets, I believe it is all moonshine; the better reason is that Parliament can do it; but what is the *quo* for which they ought to give the *quid*? you say they ought to give a *quid pro quo*; what is the *quo*?

They obtain an easement through our streets for nothing.

1806. You say there is no *quid pro quo*; you say there is no *quid* for that *quo*?

It might be argued that there is an advantage which might be ultimately derived by the public from improvement in lighting.

1807. But is there not this also; supposing you have power to buy the concern, is not the *quid* they give this, that they run the risk of throwing away the whole of their money? Take the very case of the water company; did not you have a *quid* there; the *quo* there was the taking up of the streets?

Yes.

1808. And apparently the water company itself, for some time, had been without an adequate return for their capital; they ran the risk, and you then bought them at par; did not they give you a pretty handsome *quid* for the *quo* there?

There are two sides to that.

1809. Answer my question first; did not they give a pretty handsome *quid* for the *quo* that they got?

I do not know that they did.

1810. Their shares being under par, as they must have been, there being 4 per cent. only paid, and there being the arrears of interest, you think there being that risk and the possibility of loss, there was no benefit given to the Corporation when they come to purchase the concern?

In considering that, you must bear in mind what the state of the water company was then; there was one very small water system, now we have a water system as fine as any in England; but then we were buying up what was not a high-class concern, which the waterworks of Leeds now are.

1811. What on earth has that to do with my question? Does not a company or undertaking which risks its capital, and which may get no return for it, give something in return for the privilege granted to it of risking its capital?

Yes, it does, undoubtedly.

1812. And

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[Continued.]

1812. And whereas it has not a certain 5 per cent., or even 4 per cent., secured to its capital, but it may be that it will get nothing, is it not a reasonable thing, as Mr. Smith said to us yesterday, that it should receive more than 5 per cent. if it is a prosperous concern; that is to say, if it stands to lose everything, is it not fair that it should receive compensation in dividend?

Yes, but that is a question for the shareholder when he embarks his capital.

1813. It is a reasonable thing that he should receive, but if he has to receive his compensation when you purchase of him, must you not purchase at a price which includes the premium which is attributable to its being a successful speculation?

If I buy a successful speculation he has had a return in the interest and in the dividend that he has derived.

1814. That is to say, it is reasonable that he should receive, as the gas companies did, 6 per cent. as long as the concern is going, but that you should be at liberty to take it from him upon the footing as though he was only receiving 4 per cent.?

He would have the advantage of whatever dividend he had had; we should pay to him whatever his concern was worth when taken over by us.

1815. Would you take it as a 6 per cent. paying concern; is that your understanding, because I am not quite certain that I understood this purchase clause of yours in the Bill of the Hydraulic Power Company; what do you understand from that; supposing the concern is paying 10 per cent., do you understand that you are to pay 20 years' purchase for it?

That really is the structural valuation; all the elements which usually go to make up good-will are excluded, there is no amount for past or future profits in the compensation, or for compulsory sale, good-will, or other consideration.

1816. Supposing the hydraulic concern at the end of the 30 years is paying its shareholders 10 per cent., are you to purchase upon the footing that it is a 10 per cent. paying concern?

I apprehend under these words the per-centage would have nothing to do with it, and they so regard it, and are glad to come into Leeds upon these terms.

1817. I do not think I understood it in that way; do you mean that there is to be a mere valuation of the property?

The plant is to be valued as a going concern; that is to say, not at a breaking up price to be taken away and sold, but as a going concern to be taken over by the Corporation, with a view to their trading.

1818. I should recommend you to get your clause altered, because you do not say anything about plant; it is upon the terms of paying "the then value of the undertaking." Now here is a ridiculous thing, "exclusive of any allowance for past or future profits." What you think it means is not the value of the undertaking, but the value of the plant concerned?

Yes.

1819. So that if the undertaking is making 1,000 *l.* a year, we will say, and the plant will sell for 5,000 *l.*, at 5 per cent., you ought not to give them more than 5,000 *l.* for it?

If that be the then value of the plant.

1820. Supposing the then value is 5,000 *l.*; that is to say, they are to give up a concern making 1,000 *l.* a year for the sum of 5,000 *l.*?

They have had all the advantages in the meantime; they expect that this will be very profitable.

1821. And all the disadvantages?

They are to a certain extent speculators, of course.

1822. You seem to think that 30 years will compensate the electric undertakings?

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I think

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[Continued.]

I think 30 years will, as soon as electricity has arrived at a stage when there can be anything like a practical approach to competition with gas.

1823. While it is so risky a thing as that, you think more than 30 years would be required, is that so?

That depends upon when the 30 years begin.

1824. The 30 years begin at once?

Then the question is whether electrical science has advanced sufficiently to compete with gas.

1825. It is not a question of competing with gas. It now competes with gas or it competes with paraffin or rushlights; that is a different thing altogether. The question is whether it can be supplied so as to pay. You say it can; but I understand you to say that you think 30 years enough. I am not sure you do not think the old Bill was sufficient?

No, I do not think it was.

1826. The Government say 30 or 40 years, why do you say 30 years only?

The Government say 30 years, and, with the consent of the local authority, 42 years; and my corporation after consideration thought the Government Bill a fair Bill, and they supported it.

1827. They would not consent to 42 years?

Yes, upon the terms of the Government Bill they would.

1828. You talk of a depreciation fund. Of course a depreciation fund involves the necessity of a greater annual income and a greater profit than would otherwise be necessary?

Yes; I follow that.

1829. Therefore, to some extent, the necessity for a depreciation fund is an injury to the public, because in order to make it a profitable concern it compels a larger price to be charged for the thing supplied; does it not?

Yes.

1830. What do you say with respect to the new capital which it will be necessary to lay out in the last 10 years of the 30 or 40 years' concession?

With regard to that, of course if it were a profitable concern there might be those who would be willing to embark their capital in it upon the chance of getting a good interest, they would know then what interest it was paying; supposing it had been running 20 years they would know the kind of concern it is, and would know precisely what they would be likely to get. Supposing it was 7, 8, 9, or 10 per cent., they would know that they would have that investment at the end of 30 years, and probably something more if new plant was put in which was useful and proper to be taken over by the purchaser.

1831. Now one or two questions about competition. You say the Board of Trade has never allowed a competing undertaking?

A competing electric lighting undertaking.

1832. It never has, certainly?

It has sanctioned many Provisional Orders for electric lighting.

1833. I understood you to say that in the case of gas lighting they never allowed a competing undertaking?

I did not say that. I say it is not the practice to do so now. In my own case of Leeds there was a competing gas works; that was prior to 1870, but now the practice is not to allow any competition in the case of gas.

1834. Supposing a company, electric light, gas, water, or what not, misbehaved itself to an extreme extent, the Board of Trade would interfere and allow somebody to compete with them?

If they were really acting not in the public interest.

1835. They might be competed with?

I cannot say what is in the mind of the Board of Trade.

1836. Is

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[Continued.]

1836. Is not a gas company a competing company with an electric power company; to a certain extent is it not a competition?

I wish it were.

1837. Is it not?

No; I am afraid not at present.

1838. Not to any extent?

I am afraid not at the present price.

1839. Do not you suppose that if an electric lighting company goes to a man, and he says, I can light my house adequately for 5 l. a year, it would be a temptation for the company to say, we cannot do it under 6 l., but in consideration of your being able to do it for 5 l. we will do it as low as 6 l., do not you think that that would be a tempting offer?

My answer is, that to the best of my judgment it has not been proved to compete with gas in the sense that it has interfered with the profits of gas throughout England.

1840. The less the consumption of gas, the less the profits of those manufacturing the gas?

Yes; but gas would be used for heating and cooking purposes very largely.

1841. I rejoice; and I hope Leeds will never lose by its gas works in consequence of electric lighting, and I think it is very likely they will not, but I am not sure it has not something to do with the Leeds' objection to it?

The people of Leeds are public spirited and enterprising people, and they would not allow, and I state it emphatically, merely the fact of their having some money in gas, to stand in the way of a public improvement.

1842. It is very magnanimous of them, and all the ratepayers are of the same disposition I suppose, but I was not asking that; what I am asking is this, is not gas a thing to compete with electricity, is it, or not?

I say that I am afraid it has not got to that stage when it could be.

1843. Supposing it had got to that stage, what then?

Then it would compete.

1844. That was the question I asked you, not whether gas competes with electricity in the deserts of Arabia?

I am sure I misunderstood your Lordship; I understood your Lordship to ask whether electricity now competed with gas.

1845. You have answered my question, that where both concerns are going, gas, as a competitor with electricity, must have an influence upon the prices that electrical undertakers would ask?

Yes.

1846. Paraffin also is a competitor with electricity to a certain extent?

I do not know it. I understand that there have been more wax candles burnt since gas was first introduced than before.

1847. Take the clauses of Lord Rayleigh's Bill, Bill No. 1, as to the sliding scale, and the sale of the fresh capital by auction; do they not sufficiently guard against an excessive charge upon the part of the companies, so that when you come to buy, if you should come to buy, you will not have to give an excessive price?

That is not my objection to his Lordship's Bill. I do not doubt but that the sliding scale would be all right, other things being upon the footing I desire, namely the Purchase Clause.

1848. Lord *Ashford*.] I think you said, in answer to Lord Bramwell, that you entertained great doubts whether it would be electrically possible to distribute electricity from a central station?

No; I answered his Lordship's question in the affirmative. I am not an electrician, but I understand that it is possible, and I understand it is being

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[ *Continued.* ]

done to-day at Paddington ; but I understand it never has been done in England before to any great extent. There may have been one or two solitary cases of it, but is not a general thing.

1849. You are not yourself an electrician ?

No.

1850. And anything you say upon that point is only hearsay ?

I am not an electrician, but I have studied the question to some extent. We have had an installation and a lawsuit over it, and I had to make myself acquainted with the different technical matters ; dynamos and volts, and so on. Sir Frederick Bramwell was one of my witnesses.

1851. Lord *Wigan*.] What was the lawsuit about ?

It arose out of the question of the construction of a contract.

1852. Lord *Ashford*.] Taking it generally, are you in favour of the electric light if you could get it upon your own terms ?

Yes ; I know that the Corporation is favourable, and, personally, I am very favourable.

1853. In point of fact, your Corporation would have no hesitation in adopting it if somebody else would draw the chestnuts out of the fire in the meanwhile, and improved its efficiency ?

If it becomes a merchantable thing, my Corporation would undertake as the lighting authority to supply the ratepayers with it.

1854. You would not be inclined to take it to begin with, for your Corporation ?

In reply to that I will read my committee's decision. "The great advance made during the past few years, and notably during 1881, in the development and improvement of the numerous systems of gas and electric lighting now before the public, may be taken as an augury that further and more important discoveries will yet be made, tending to still greater perfection in the science of lighting. The deputation are, therefore, of opinion that it would not be desirable or useful to adopt as a permanent system any mode of electric lighting now (1881) claiming public attention." Then again, in 1882, when taking the Order, we made investigations which are embodied in the carefully prepared report which I hold in my hand upon the subject.

1855. *Chairman*.] You mean that the Corporation are not prepared to begin themselves ?

Yes ; but upon well considered and cogent grounds, examined into by themselves, and not only because they are gas owners.

1856. Lord *Ashford*.] The cogent grounds are that you do not see that it is financially an economical thing to do at this moment ?

That is one very strong ground.

1857. Then, that being the case, as you say from very careful examination it is not economically possible at the present moment for the Corporation to adopt electric lighting, is it not rather inconsistent to say that you will impose difficulties upon anyone else ?

On the contrary, we were prepared to support Lord Houghton's Bill.

1858. And you think that Lord Houghton's Bill is sufficient ?

We think that Lord Houghton's Bill is a fair and proper arrangement. I have had to deal with gentlemen in connection with the Hydraulic Power Company who have great experience commercially, and they have adopted the terms practically of Lord Houghton's Bill.

1859. We have had a good deal of financial evidence stating that Lord Houghton's Bill is not sufficient ; you differ with those financiers who say they will not advance money under it ?

I cannot say I differ from gentlemen of great financial experience and standing, but in my judgment Lord Houghton's Bill is a fair thing, considering the

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the present state of things. I have already stated my opinion as to the electric light having a few years to wait before it becomes a general illuminant.

1860. You are in favour of imposing considerable restrictions, because you cannot tell me that selling the property at the end of 42 years compulsorily, on certain limited terms is as good as selling property compulsorily as a going concern, or putting them upon the same footing as gas?

I can say that the terms offered by your Lordship's Bill are much better for companies and speculators than those of Lord Houghton's Bill, without doubt.

1861. Lord *Houghton*.] I should like to clear up the ground about the question of the monopoly. A noble Lord asked whether you did not think that a 30 years' monopoly might be as bad as a permanent monopoly, and you said not?

I draw a great distinction between a monopoly for a limited period to help forward a great improvement and a monopoly in perpetuity.

1862. I understand your position to be this: you think that the lighting power ought to be in the hands of the public, and consequently of the local authority, but that you are prepared to lease that power for a certain number of years to a company, if they think it worth while to take it up?

Your Lordship uses the word "lease"; it would hardly be a lease from us; it might practically amount to that.

1863. It is a concession; it is upon the same principle as a lease?  
Yes.

1864. With regard to plant temporarily and permanently employed; you look upon it in the way of a new patent, in which under the Patents Act entire monopoly is given to inventors for a certain number of years, but there is a great difference between giving that and a permanent monopoly?

Yes.

1865. Then as regards the alteration which it is stated that the Government are prepared to make in their Bill, are you aware that it is this; that the terms should be 30 years, or 42 years, with the consent of the local authority?

That is your Lordship's Bill as introduced into the House of Lords.

1866. And the further concession was this, that as it appeared the local authority might not in all cases take a perfectly impartial view, the Board of Trade should have the power of overriding the local authority?

I am perfectly willing to trust the interests of the corporations in the hands of the Board of Trade, subject to one reservation, that the Board of Trade shall, if the Corporation desire, state its reasons to Parliament. Practically therefore, we are in the hands of Parliament.

1867. You consider those terms fair?

My Corporation passed an unanimous resolution that they thought them fair.

1868. There is a slight further concession, as no doubt you are aware, to the electric light companies?

We passed a resolution that we should ask for, some said an absolute veto, but we thought a limited veto was the right thing under the circumstances, and it was with that view that we agreed to it.

1869. It has been suggested with regard to the terms of purchase that it would make it hard for companies to raise capital during the last few years of their term; can you suggest any way of meeting that if it is a difficulty?

I have not considered that point specially; my own view is that no one would put his capital in unless the company were paying a large dividend, and were likely to pay it at the end of the term, which would attract the capital as I have said at that time. If you put it that 20 years of the 30 have run, the thing is either good or bad; if it is a bad thing he will not touch it, if it is a good thing

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he will put his capital in it and get an interest during ten years, plus the value upon the sale of the plant under your Lordship's clause.

1870. As I understand, your general view is that the Government Bill would attract capital if it is desirable that capital should be attracted; the other Bills would certainly be more likely to attract money, but it would be the money of speculators or of those who are scientifically interested in the subject?

My opinion is that those who would invest would be those who have lost money in speculation which has taken place with regard to electric lighting. They would try to recover themselves.

1871. Lord *Bramwell*.] You said only 10 years; supposing the concern was paying 5 per cent., what would you say to the last five years, would a man put in his capital then to get 5 per cent. for five years and then have his plant sold?

If it had been paying steadily, 5 per cent. might not be objected to, though it would not, of course, attract.

1872. Lord *Wigan*.] One question with regard to these Bills of the Compressed Air and Hydraulic Companies, which are promoted in the other House of Parliament for your use in your corporation; are you aware whether similar powers are being sought by any other towns?

I believe with regard to Birmingham they have power, and I heard the contractors were going to work upon it. There are other towns, I believe; Hull, and, I believe, Liverpool, but I am not sure of that.

1873. Can you say whether it is all one company that is doing that?

I cannot. As to the hydraulic power, I should say certainly not, because Messrs. Tannett and Walker of Leeds, who are Leeds people, are the promoters of that Bill, and I do not think they have anything to do with any other.

1874. I understand in two cases the air company is the same?

The company for Leeds and Birmingham is the same.

1875. May I ask whether there has been any agreement between the corporations, or whether each corporation has a knowledge of how the other has been treating with these companies as to clauses?

There has been absolutely no communication between the corporations except this, that when they applied for Leeds I wrote to my friend, the town clerk of Birmingham, to ask him to send me a copy of the Birmingham Act to guide me in the matter, to see what clause they had inserted, but the Corporation of Leeds has not communicated with the Corporation of Birmingham upon the question at all.

1876. With regard to the question of monopoly, it seems to me that the Government Bill would grant a monopoly to the corporations now, from the moment of the passing of the Act, but desiring that they should assign it to a company for a period of years, that this company should spend their money and risk it, and get what return they can out of it, and that then the corporation shall resume their monopoly; practically, it comes to that, does it not?

It is not so, in fact; it is not a grant to the corporation, but a grant to the companies.

1877. But it seems to be the same thing?

No, I do not think so.

1878. *Chairman*.] With regard to the hydraulic Bill, I want to call your attention to this clause: "At any time after the expiration of 30 years from the date when the company first begin to supply any consumer (such date not being more than three years from the passing of this Act), the Corporation may, by notice in writing, require the company to sell, and thereupon the company shall sell to the Corporation their undertaking upon terms of paying the then value (exclusive of any allowance for past or future profits of the undertaking, or any compensation for compulsory sale, goodwill, or other consideration whatsoever)

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[Continued.]

soever) of all lands, buildings, works, materials, and plant of such company as a going concern suitable to and used by them for the purposes of their undertaking, such value to be determined in case of difference by arbitration," and so on. I do not know who drew that clause, but I want to ask you whether by that clause you mean this, "upon terms of paying the value of the undertaking"; but exclusive of any allowance for any past or future profits, and exclusive of any compensation for compulsory sale and goodwill; is that your meaning?

Yes.

1879. Then you had better alter your clause?

I am not responsible for that clause. I will have it altered.

1880. There is a great deal of difference of opinion as to what it means?

What I meant is this, that in the sale all questions of goodwill are excluded; what is popularly known by lawyers as "goodwill"; a discussion upon the point arose, and the agent has not very clearly expressed it there, but I will have it put right.

1881. Are you sure that the other side take the same view of the clause as you do?

Most certainly we should have opposed the Bill upon its merits if they had gone for goodwill.

1882. Therefore, supposing the other side do agree with your reading of this clause, it embodies the terms which are virtually offered by the Government Bill, with the addition of the difference between 30 years and 42 years.

They are precisely the same words, except that they want remodelling, as are in Lord Houghton's Bill, we allowed a going concern because they were under the impression that unless "going concern" was in, they would get what is called old iron prices.

1883. Lord *Ashford*.] "Going concern" is one of the things which you now say you accept?

We have cut the fangs out of going concern by excluding "goodwill" and the other matters enumerated.

1884. Lord *Lingen*.] Will you let me ask you this question: will you look at those words which I have copied from your printed clause; there is a bracket at the end of the word "profits"; I have drawn a pencil mark through it; I believe that is a misprint, and the bracket ought to be below where I have put it, and then you will see the word "land" will be covered by what you have to purchase, and all the rest will fall into what you exclude?

My Lord *Lingen* has really shown where this difficulty is, it is merely in placing the bracket; it will then read by altering the final bracket, "upon terms of paying the then value (exclusive of any allowance for past or future profits of the undertaking, or any compensation for compulsory sale, goodwill, or other consideration whatsoever);" there is the end of the bracket, "of all lands, buildings, works," &c., which is practically the same as Lord Houghton's clause.

1885. *Chairman*.] And you strike the word "undertaking" out?

Then the first bracket will be before the word "exclusive," and the second bracket after the word "whatsoever."

1886. Lord *Bramwell*.] When the time comes for the purchase, you will pay the man as much as it is worth to you, or to him to carry on the business; if that is 5,000 *l.* you pay it, but if he says I have been making 1,000 *l.* a year by it, and you ought to pay me 20 years' purchase, to that you will say, no, I have nothing to do with that?

Your Lordship accurately interprets it.

1887. *Chairman*.] In your evidence you have assumed throughout that the terms offered by the Government are sufficiently good to enable capital to be found; that is your opinion?

I have not quite put it as high as that; with deference, I put it that as soon

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[Continued.]

as ever electric lighting gets into a condition to be workable in towns, those terms are sufficient.

1888. Suppose the Committee should arrive at a different opinion, and that it should be thought necessary to give more favourable conditions than those provided in Bill No. 3; should you object to an addition being made in the payment of the company by the Corporation, beyond the value of the plant and so on, provided that amount were fixed?

I think probably the Corporation would, but that point has never been put to me by the Corporation, and I should not like to pledge myself without instructions; my own view is that we should not agree to it.

1889. But supposing that any proposal of that kind were put forward, should you have more objection to a proposal of a fixed payment, or to an uncertain payment?

Without conceding that, we should agree with either; I would prefer the fixed to the uncertain, but I think that my Corporation would object to them both.

The Witness is directed to withdraw.

PROFESSOR GEORGE FORBES, M.A., F.R.S.E., is called in; and further Examined, as follows:

1890. Lord *Ashford*.] You said, in answer to a question of the noble Chairman, that you would hand in a copy of the law as regards the Continent and America; can you tell us under what law in America electric lighting proceeds?

I have been making enquiries both for America and the Continent of Europe, which I also promised your Lordships to get in time to lay before you. I have already got practically enough information to be able to state what is the case generally. I find that in no foreign country, including the United States of America, is there any special legislation with reference to electric lighting. Conditions are frequently imposed by the Government, but so far as I have seen them, these are only to prevent injury to existing interests, especially telegraphic and telephonic, and also to prevent accidents. For example, I have the conditions imposed by the French Government in the establishment of wires at Tours; there are four conditions, and in every case it is simply for the purpose of protecting the telephone interests, or for preventing accidents. The town authorities have power and they do sometimes grant concessions in perpetuity, with safeguards, also against injuries to existing telephonic interests. There is not a case before me of town authorities entertaining the idea of themselves being traders in electric lighting, either in the present or in the future. In granting concessions, the municipal authorities, so far as I have been able to find out, never seek either present or ultimate pecuniary benefit from the company; no pecuniary benefits are given to the municipal authorities. I am still expecting information to come in, but I have no expectation that it will differ from what already has been obtained; if it should do so, I should be glad to inform the Committee.

1891. We have had a good deal of evidence generally, not from electricians, that there is a difficulty in distributing from a central station; can you contradict that authoritatively as an electrician?

I cannot more positively than I have already done in my evidence; there is no doubt about it?

1892. Will you please tell us whether there is any such thing as a reliable meter, speaking electrically?

I think I can safely say that we have meters, which being subjected

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[Continued.]

to the ordinary tests, like a gas-meter is, and found to satisfy those tests, are practically applicable.

1893. Do you think that there is any meter, electrically speaking, that is as accurate as a gas-meter?

Undoubtedly, I think that electrical meters if they fulfil the conditions that we should impose upon them, and when they have been tested, are very much more accurate than gas-meters.

1894. I think there is more than one method or system upon which meters are formed; some upon the principle of electrolysis and some upon another principle of direct measurement?

Yes.

1895. Is there more than one system which makes a tolerably reliable meter?

Yes, there are several systems of constructing meters.

1896. Of course if there were no meters it would be impossible for the company supplying electricity to allow a consumer to use any form of lamp that he liked; but if he supplies only so much energy calculated by meter, the person using the electricity would be able to use that energy for any purpose he liked, mechanically or otherwise, is not it so?

Clearly, if the consumer is able to apply the energy to any purpose that he pleases, the energy must be supplied by meter.

1897. Therefore, there being a good meter, there is no necessity for imposing any particular form of lamp upon the consumer?

Not generally; it might facilitate the designing of stations sometimes if a special sort of lamp were fixed by the company.

1898. Taking into consideration the fact that the electric energy may in the future be very largely employed as a motive power, would it not be as well to establish the fact that electricity should be distributed by meter rather than by prescribing the form of lamp?

I certainly think so, and there is no difficulty about it.

1899. Lord *Houghton*.] In continuation of what Lord Ashford said, you think it would be better to leave special arrangements as to prescribing lamps to be dealt with in every particular case in a Provisional Order, rather than by putting a hard-and-fast line in the Act?

I think it would be more satisfactory.

1900. *Chairman*.] You did not give us the law of the various countries of Europe?

There is no law at all.

The Witness is directed to withdraw.

MR. WILLIAM HENRY PREECE, is called in, and Examined;  
as follows: .

1901. Lord *Wolverton*.] You are a Fellow of the Royal Society?

Yes.

1902. You are Electrician to the Post Office, and you have taken a deep interest in electric lighting?

Yes.

1903. And I believe you have watched every single step which has been taken in all countries?

Yes, I have watched its progress in every country, and have been present at every

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[Continued.]

every exhibition of recent years, and I have written a good many papers upon the subject.

1904. You were, I believe, for a considerable time, in America?

Yes, in the autumn of 1884 I visited America, and I made it one of my especial duties to inquire very carefully into the working of the electric lighting systems all over that country. I visited most of the principal towns, and saw a great many central stations.

1905. There is no special law there?

No law whatever.

1906. The wires there are, in point of fact, principally overhead, are they not?

Yes.

1907. And accidents often happen there from them, especially fires?

Yes, the wires of all electrical enterprises, whether telegraphic or telephonic, or electric lighting, are carried through the streets, and there is nothing to the English eye that is so peculiar as to see the principal thoroughfares of these principal towns disfigured with poles and with wires; and while I was there it was a common thing for wires to fall accidentally and to produce accidents, principally fires. In fact, in my trip through the northern states, I came across seven distinct cases where offices had been set on fire through these powerful electric light currents being admitted into them by means of overhead wires.

1908. Lord *Rayleigh*.] Is that by accidental contact between wires that ought to have been separate?

Yes.

1909. Lord *Wolverton*.] The development there has been very great lately, in the last few years, has it not?

Marvellous; there is no town of any consequence that has not its streets lighted by the electric light, and most of the manufactories are being lighted up; they have not done much in isolated house lighting; they have not done quite as much as we have in England.

1910. Do you say that the progress in science has been rapid, but that it has been in practice slow in England?

Yes, the advance that has been made during the last four or five years in our knowledge of the scientific principles underlying electric lighting has been very great, but in practice the development of the industry has been very slow.

1911. There have been certain companies which have now erected systems with overhead wires without any Acts, and, in fact, rather what I should call in spite of the Acts; are there not?

Yes; there are three or four instances. The first is a company that originated with lighting up the Grosvenor Gallery, and is called the Grosvenor Gallery Installation; they have carried cables as far as the Café Royal, in the Quadrant, and they are supplying lights to various places. There is also a company in Brighton that has started a central station, and they have from 12 to 15 miles of wires extending all over that borough supplying lighting to different places. There is just the same at Eastbourne; and I have heard during the last two days that a continental firm has taken an office in London, and is going to expend a considerable sum of money in prospecting a system very analogous to the Grosvenor Gallery system in London and some of our principal towns.

1912. Do you think with these three large companies starting, and with the prospect of this still larger one, and also others we may hear of, some active legislation is now necessary?

I do. I think that if the practice of erecting these marauding systems, if we may so call them, without any rule or regulation, were permitted, it would in a short time become an absolute nuisance. We should have our towns and

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[Continued.]

our streets disfigured as they are in the States, but that is not the reason why we appear here to appeal against it. It is not only because this overhead system may introduce a serious danger from fire, but there is worse than that. They use very rapid alternate currents of electricity; these rapid reversals of electricity disturb both telegraphs and telephones in their neighbourhood, and unless proper precautions are taken, they naturally stop the transmission of speech through the telephone systems. The distance to which these electrical emanations extend is very little known. Very recently I have been making some experiments in the neighbourhood of Newcastle, to determine the distance to which these disturbing influences can be transmitted, and we found that within a distance of 3,000 feet they still disturb our telephones.

1913. Do you think that these clauses are necessary to bring the companies within the operation of the Act, and meet the evil you speak of?

It should be understood that we raise no objection whatever to overhead wires *per se*, but we object to overhead wires, or any wires, overhead or underground, being laid down or erected excepting under due regulation and order. Electric wires for any purpose may become to the Post Office, or to the Telephone Companies quite as great an objection as the vibration of a steam engine, or the smell of a tannery, or any other smell.

1914. Is it your desire that this legislation, if passed, should be retrospective?

No, we desire in no way to interfere with what has been done, only with that which is intended to be done.

1915. Then what you mainly say is that in fact those who are now acting without any statutory powers have really more in their power than those acting under statutory power?

Absolutely so.

1916. And that you think unfair?

Yes, those who have no statutory powers have absolutely more power than those who have, for those who have are obliged to construct their works under rules and regulations, which do not control those who are improperly called marauding companies.

1917. And you think in the interest of the Post Office, which you naturally look to, and to the public, upon the ground of public safety, some remedy such as is provided in these clauses is absolutely necessary?

I think it is absolutely necessary.

1918. Lord *Bramwell*.] I should like to ask you a *bond fide* question, not indicating an opinion, because I have not one; would not the effect of these clauses be to preclude the possibility of wires going in certain directions or places?

No, it simply means this, that the wires constructed for the transmission of these currents shall be constructed in such a form as to prevent any disturbance in telegraph wires; it is an extremely simple thing.

1919. The upper part of houses at present are not so occupied but that it is possible to find room for the electric wires if properly treated?

In many instances.

1920. In some?

In the City of London I should doubt; across Leadenhall-street there are over 1,000 wires.

1921. And in that case what would you have to do; either give up electric lighting or lay it underground?

Go underground.

1922. And consistently with these clauses here, could they go underground in such a way as not to interfere with you?

Certainly.

1923. Could they go underground in a pipe?

In a pipe.

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1924. These

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[Continued.]

1924. These clauses do not preclude the electric lighting of any part of the metropolis?

Certainly not.

1925. *Chairman.*] Provided the Board of Trade consented to it?

Yes.

1926. Lord *Wolverton.*] You would only in fact place these companies who are now outside any law, under the same law which now regulates some companies?

That is so.

1927. Lord *Rayleigh.*] I want to understand more clearly as to whether you are of opinion that the disturbance of telephones could be obviated in any other way than by prohibiting wires going in a certain neighbourhood at all?

They are very easily remedied by simply using a metallic circuit, and by placing the two conductors as near to each other as they can be safely placed.

1928. So that by adopting that process the electric current could be taken practically anywhere?

Certainly. I may mention as a fact that when the Grosvenor Gallery installation was established, it was constituted with only one wire, the disturbances affected the telephones in the neighbourhood, one of which was maintained by the Post Office, and as soon as the notice of the Grosvenor Gallery authorities was brought to the fact that the neighbouring telephones were disturbed, they took precautions at once; that is to say, they simply duplicated their wires and constructed them in such a way that all these disturbances at once ceased, and that is a process that can be adopted without any great expense or any difficulty anywhere.

1929. Lord *Wigan.*] I think I understood you to say that you knew of seven cases of fires in the United States when you were there in 1884, by wires carrying, I presume, heavy currents, breaking and falling upon other wires, and, therefore, communicating the current to offices which were not prepared to receive that current?

That is so.

1930. Can you say whether in those cases those wires were insulated properly, as they should have been, or were they naked wires?

They were insulated very improperly.

1931. Is it your opinion that those wires could have been made safe if they had been properly insulated?

If they had been put up under rule and regulation they certainly could have been made safe.

1932. You mentioned that there were several companies working outside the Act. I do not wish to go into the question of any of those special cases, but you proceed to say that it is evident, that as it has been found possible to work outside the provisions of the Act, it is desirable that regulations should be made against marauding companies. The term is a little severe, I think, but I will pass that over. You said that they might introduce danger of fire, always supposing if those companies are putting up work in a scamping manner, I understand that?

Yes.

1933. But if the work is done in a proper electrical manner it would not affect the wires?

Certainly.

1934. Are you aware that no building on which any description of this work is done is allowed to be passed unless the fire offices have something to say to it?

Quite so, as far as regards the internal fittings of the buildings that are so wired.

1935. It

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[Continued.]

1935. It has not come to your notice that the fire offices require rather more than that?

No.

1936. Then comes a very interesting point that you gave us as to the question of induction; I have it already in your reply to Lord Rayleigh, that the question of induction affecting your telegraphic and telephonic cables has been got over in the case of the Grosvenor Gallery by the duplication of the cables?

Yes, that is so.

1937. And you further told us that, in the neighbourhood of Newcastle, you found that at a distance of 3,000 feet there was still effects observed upon the telephone cable?

Yes; but I said that those were special experiments made to determine the distance to which these disturbances could be heard.

1938. May I ask you whether you were working in parallel with the long wire?

The experiments were made on the Town Moor of Newcastle; a wire 600 yards long was made the primary wire, and another wire was moved gradually away from this primary wire until all disturbance ceased, and it was found that the secondary wire could be carried to a distance of 3,000 feet and over before disturbances ceased; so that these electrical emanations from electric light circuits will certainly extend to a distance as great as that.

1939. Lord *Ashford*.] Was it altogether independent of the length of the primary wire?

In this instance the primary wire was fixed. There is no doubt that the influence would extend with the length of the primary wire.

1940. May not it extend further than the 3,000 feet you mention in a very long wire; with 500 miles of wire it would extend further than with a short wire?

I think so, and perhaps it may interest the Committee if I told them that this inquiry was not made with reference in any way to electric lighting, but it arose from the fact that along the Gray's Inn-road the Post Office has a line of pipes extending about two miles, and the Telephone Company has a line of telephone wires along the same distance, an average distance of 80 feet apart above our underground wires; the telephone people did not complain, but they mentioned the fact that they could perceive disturbances on their telephones that were clearly due to our wires, and as we had no wires nearer than 80 feet, I scarcely believed it possible that disturbances could pass to such a distance; but after very careful experiments we found that the disturbances were undoubtedly due to our wires to that extent, to 80 feet, and, therefore, I set to work to find out to what distances they could be perceived, and we have found them to be perceived up to 3,000 feet. I have not the least doubt that if we had a wire, perhaps 100 miles long, with another wire in another county 10 miles away from it of equal length, it would be quite possible to hear even across a distance of air equal to about 10 miles. It has opened out quite a new feature in electricity, and it is extremely interesting; in fact, Mr. Edison, in America, has just started a system of telegraphing from moving trains across the air, based exactly upon the same system.

1941. Lord *Wigan*.] Was the current you worked with a dynamo current?

No, it was a current from 80 bi-chromatic cells. It would be equal to about 160 volts?

1942. What currents?

Reverse currents.

1943. There is another danger that you did not allude to, of wires there would be not only the danger of fires but the danger of the conductor breaking and a person getting hold of it and being killed by the current passing through him;

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[ *Continue d.*

him ; that is the case, is it not ? Supposing a fireman was to cut a cable and get hold of the ends it might kill him ?

That is an accident against which precautions could be taken at the central station.

1944. It would not be at the central station but at some place away from it ?

I mean if the central station were transmitting rapid alternations of current, as is done at the Grosvenor Gallery, any sudden breakage of the conductor ought to act upon some automatic apparatus which would stop the currents going through.

1945. It could be done and it has been done, has it not ?

Certainly.

1946. Therefore that danger would not occur ?

That is a very remote danger.

1947. Therefore the same thing would be applied to the question of fires, because what would be a shock of death to a man naturally would very likely set up a fire in wood ?

I may mention that as a consequence of these fires in America, every telephone wire and every telegraph wire is now protected from these strong electric light currents.

1948. *Per se* you have no objection to the wires if they are laid down under certain restrictions ?

Just so.

1949. May I revert to the 3,000 feet again ; it is an interesting point. To what distance is that noise a nuisance up to 3,000 feet ?

Your Lordship asks to what distance does it become a disturbing element, that I cannot answer, the experiment did not go as far as that ; it is simply directed to the distance at which these disturbances could be heard and not to the distances at which it may become a practical disturber of our working.

1950. All these remarks of yours you brought to a head when you said you had no objection to overhead wires provided they were laid under restrictions ?

Yes.

1951. I suppose by that you refer to the fourth line of the clause, which is supposed to be brought in by the Postmaster General saying, " that no electric line or work so laid down or erected shall be used for the purpose of supplying electricity except under and subject to the provisions of a license, Order, or special Act " ?

Yes.

1952. That is what you refer to ?

Yes.

1953. Could you give the Committee any idea of what the special way was ?

I would rather you asked Mr. Hunter, the solicitor, upon that point.

1954. It is a purely electrical question. I will only ask you as far as the electrical portion is concerned ; you say you have no objection *per se* to overhead wires provided they are laid down under restrictions of the General Post Office ?

No, under rules and regulations, whether through the Postmaster General or the Board of Trade, or by Act of Parliament, is outside the question.

1955. So far as you are concerned, you are concerned only for the General Post Office Telegraphs ?

Yes.

1956. Therefore you would have a certain amount to do in drafting the rules and regulations ?

We should have to approve of them certainly ; in fact, Professor Forbes gave in

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[Continued.]

in his evidence the fact that these rules and regulations have been drawn out for Tours.

1957. Then, practically, I should imagine from what I have had the pleasure of eliciting from you, that the ideas of the General Post Office would be embodied in carrying out that which I have asked you, whether it is possible and whether it is desirable, that is to say, that there should be a sufficient insulation, that the wires should be put up in a manner sufficiently strong to satisfy the mechanical eye of the Post Office, and in such a manner as to do you no damage by induction; would those be your electrical provisoes?

My responsibility being for the proper working of our circuits, if those conditions were fulfilled we should be satisfied as far as the electrical question is concerned.

1958. Can you say to your knowledge if in any case those conditions are already fulfilled in any of the existing companies that you mentioned by name?

They are fulfilled up to the present time.

1959. But, so far as I understand, you are desirous of restraining any future companies who might not be desirous to put the wires up in a thorough manner?

Exactly.

1960. And those would be the marauders, and not the existing concerns?

I apply the term "marauders" to those whom we hear everywhere are wanting to try experiments?

1961. You say that you have no desire to interfere with that which has been done, but you want to provide against work that may be done?

Yes; that is so.

1962. You say these companies have more power than those under the Act, and, therefore, they should be restricted. Will you tell the Committee what you meant by saying that they had more power?

A company who carries a wire overhead through any district, as long as it gets the consent of the owners of property to affix its wires to the property, can carry that wire anywhere and everywhere, as long as it does not become a public nuisance. While these people are not restricted in any way, the Post Office and electric lighting enterprises, protected under a Provisional Order or an Act of Parliament, have to receive consent of the local people for every thing they do, and sometimes the Post Office has experienced very great obstruction and difficulty in getting single wires through very simple districts. Our difficulties have been very great, and these outside companies can do it without any difficulty whatever.

1963. Do you wish, therefore, to make the outside companies in a worse position than the Post Office?

I do not like to say that.

1964. The Post Office can put Government pressure on?

We should be very well contented if these companies can do their work, and regard our interest without any reference whatever to their position. With regard to the local authorities; I am not speaking for local authorities, I am only speaking in the Post Office interest.

1965. In the event of your finding a local company interfering with the Post Office, what power have you to stop it?

I think our Act of Parliament gives us power if it interferes or disturbs the working of our telegraphs.

1966. You have that power already?

I do not think that power is well defined; it refers more to wilful interference.

1967. Lord *Ashford*.] Electrical interference?

I am afraid not. Mr. Hunter will give you the legal point, but my feeling is

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that

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[Continued.]

that the power in our Act only applies to wilful interference, and not accidental interference.

1968. Does your answer mean electrical interference, or physical interference?

I meant it to include interference generally.

1969. Lord *Wigan*.] In Clause 26 of the existing Act I find these words: "The undertakers shall not in the exercise of the powers conferred by this Act, or by any license, Order, or special Act, lay down any electric line or do any other work for the supply of electricity whereby any telegraphic line of the Postmaster General is or may be injuriously affected, and before any such electric line is laid down or work is done within 10 yards of any part of a telegraphic line of the Postmaster General," and so on; so that, in point of fact, you are already materially protected against it?

Only against those undertakers under that Act.

1970. Lord *Wolverton*.] All we ask is that we should be put in the same position with regard to those companies outside the Act as they are now under the old clauses of the Act of 1882?

That is all we want.

1971. We do not assume that our clauses go a single inch beyond that?  
No.

1972. And we do not wish them to?  
We do not wish them to.

1973. Lord *Wigan*.] You have known of instances of electric wires coming down in London?

Certainly.

1974. Do you know if there are many wires in London which are no longer in use overhead?

I do not know that.

1975. In the event of the Legislature forcing all wires to be put under ground, would the streets be capable of containing them; take your neighbourhood, the General Post Office neighbourhood?

I cannot suppose or assume that the Legislature will ever do such a foolish thing as to try and drive all wires underground.

1976. Then you do not contemplate that this clause here which is produced by the Postmaster General would have the effect of driving all wires underground?

Most certainly not.

1977. And if those wires were driven underground in certain parts of London it would materially damage your position in the Post Office; there might be damage done to your wires by putting heavy current cables alongside your's in the street?

No. If the conductors are properly arranged we should not care what the strength of the currents were that were transmitted by those conductors.

1978. Provided you are guarded against induction by go and return?  
Yes, certainly.

1979. Lord *Ashford*.] You mentioned that as regards Tours overhead wires have been regulated?

Rules and regulations have been drawn up for the guidance of the company lighting Tours, and Professor Forbes had them. I thought he put them in.

1980. I understood Professor Forbes to say that there were no particular regulations affecting companies lighting on the Continent?

There is no law.

1981. But

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[Continued.]

1981. But there are regulations?

Rules and regulations governing the character of the cable, the distance it shall be fixed, the form of working the wires; just such conditions as we desire.

1982. Something in the nature of a Provisional Order, or something that has the effect of a Provisional Order?

No; rather rules and regulations, not in a Provisional Order, but issued with the approval of the Board of Trade.

1983. By what authority are such regulations issued in the case of Tours?

The préfet; the Government.

1984. It is the municipal authority, and not the central government authority?

It is the municipal authority, I believe.

1985. The question of overhead wires has already attracted the attention of Tours, and has been regulated by the municipal authority?

It has.

1986. I come now to another point, about the mechanical danger of overhead wires; are you not of opinion, as an engineer, that in addition to any danger from fire, the way in which wires are hung from one end of a street to another, or diagonally across a street, is a material source of danger?

I do not think so at all. I have been now associated with telegraphs for 35 years. I have put up and maintained thousands of miles, and I have never had to deal with one single case of anybody being hurt or damaged by a falling wire.

1987. Do you consider that it is immaterial whether wires are hung at right angles across streets or diagonally from end to end of the street?

It is much better that they should be at right angles, because whatever danger there may be is reduced thereby, if there is danger.

1988. But you do not think hanging it diagonally across the street would be a material source of danger?

I think not; the fact is that the wires themselves used for telegraphs and telephones are so light, that they are nearly the same thing as a fishing line falling across your face.

1989. May I ask what weight per mile an ordinary overhead telegraph wire is?

About 30 lbs. per mile.

1990. Is that all?

Yes.

1991. Of an ordinary iron wire?

No, the ordinary hard copper or phosphor-bronze wire, No. 18, the size we use, is exactly 32 lbs. per mile.

1992. Of course the tension of that wire across a street, if broken by any unforeseen accident, would produce a rebound which might cut a man's head off very easily?

No, my Lord, there are only two cases on record of deaths due to falling wires; one was in Islington; a wire fell across the entrance to a stable yard, and a passer-by, seeing the loose wire hanging against the door, thought he would make it safe by tying it to the gate; he did so, and a poor unfortunate driver of an omnibus, after his day's work driving into the yard, got caught by the wire that was tied to the gate upon one side and to the pole on the other, and he was killed. The other case was a case where a wire fell across Blackfriars Bridge, and there the wire caught a man on the top of an omnibus and knocked him off, and he fell on the stone road and was killed. In my recollection, these are the only two instances of deaths that have arisen from actual accidents; there are cases of poles being blown down and falling upon passers

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by;

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[Continued.]

by; there is a case of a fire-escape loosening certain coping stones and their falling down and killing an old woman at Oldham, and one or two others; but the two are the only two instances that can be adduced against telegraph wires; the first happened 30 years ago, the other 15 years ago.

1993. During the process of time, the wire if neglected would become rusty, and eventually decay and fall, but you think that is not a material danger to be guarded against?

I think not.

1994. Then my anticipation from that mechanical source may be eliminated, and we may come to the fire danger?

I think so.

1995. Did not any of the instances you have known in America from fire occur from uninsulated wire?

Yes.

1996. With regard to the Grosvenor Gallery wire, is not it insulated throughout its whole extent?

Perfectly.

1997. Therefore there would be no danger from the breaking of the Grosvenor Gallery wire, supposing such took place?

There is only this possible danger, that if this highly insulated Grosvenor Gallery wire fell across a telegraph wire, a remote possibility, in process of time friction might force the telegraph wire through the insulated coating to the electric light wire; but that assumes also gross neglect upon the part of the electric light people, and that is difficult to justify.

1998. If there were some forcible disruption of the wire, and a part of the naked wire were exposed, it would be productive, or might be productive, of an accident, but not probably?

Scarcely.

1999. I pass away from this altogether, and I will ask one question about the electric induction; you mentioned that the electric induction was felt in the experiment that you undertook at a distance of 3,000 feet; obviously it would be impossible to remove overhead wires anything like 3,000 feet from your post office cables?

Yes.

2000. There are other means, I suppose, and perfectly efficient means, of removing telephone wires from the danger of receiving induction?

There are two ways equally efficient; one is to duplicate your electric light conductors, and the other is to duplicate your telephone conductors; either will cure the disturbance.

2001. You said just now that originally the Grosvenor Gallery wire was a single wire; I thought the essence of that peculiar form of insulation was that it was a continuous wire from wire to wire, and no earth-return wire?

I cannot speak from authority upon this, but my impression is that it was a single wire making one circuit; but now instead of taking the return wire by a different route, the two wires are carried together above each other, and kept apart by a distance of about 12 inches.

2002. I thought you meant the earth was used as a return?

I did not use the word earth.

2003. You said a single wire?

I said a single wire in the neighbourhood of our telephone circuits.

2004. Then though that experiment of yours with regard to induction points to the fact that induction extends to a very long distance, yet that induction is very easily removable if proper care is taken?

The induction cannot be removed, but the disturbance arising from the induction.

2005. You

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Mr. PREECE.

[Continued.]

2005. You mentioned the instance of a foreign company coming in to light an English town?

I mentioned it as a rumour.

2006. Clause 2 of the Post Office Regulations says, "No electric line or work (not being entirely enclosed within any building or buildings) shall be laid down or erected in any position, and no electric line or work so laid down or erected shall be used for the purpose of supplying electricity, otherwise than under and subject to the provisions of a license, Order, or special Act"; by that I understand is meant that the fire insurance offices take their own precautions; you do not interfere with them?

Quite so.

2007. Now suppose a man had a house upon one side of a street, and a warehouse upon the other, and wished to connect the two electrically, under this clause as it stands there would be no possibility of his running a wire from his own house to his own warehouse, without applying for a license, or a special Act; is not it so?

That is so.

2008. Is that the intention of the Post Office?

Certainly.

2009. You mean that if I have a house upon one side of the street, and a warehouse upon the other, I am not to send a telephone from one to the other?

You shall do nothing to disturb the telegraphic or telephonic communication of the Postmaster General.

2010. If I have a house upon one side of a street, and a warehouse upon the other, I am not allowed to throw any wire across from one to the other?

That is so. We do not wish to prevent you carrying a wire across, but you shall do it, subject to such regulations as will not interfere with the working of our telegraphs.

2011. *Chairman.*] You could not do it without the approval of the Post Office?

No.

2012. *Lord Ashford.*] But supposing I want to send a telegraph wire across:

We are merely dealing with electric light wires, and I take your question to deal with electric light wires.

2013. I confine it to electric light, and I say I want to have under my warehouse, in the cellar of my warehouse, an electric installation to light my house. I cannot do it under this clause without a license or a special Act. I cannot put in the cellar of my warehouse a dynamo and steam engine, or gas engine, and light my house upon the opposite side of the street without obtaining a license, a Provisional Order, or a special Act?

That is so.

2014. At the present moment I may do so; by the Wandsworth case it has been decided that I am within my right?

Yes.

2015. Therefore, *pro tanto*, that is curtailing the liberty which I at present enjoy?

Yes; but I may mention this, that if you proceeded on the Wandsworth case, and you laid down a wire across the road, and disturbed and interfered with our wires, we could proceed against you by a common law action. We want to prevent the possibility of our being forced to use the common law when the mere insertion of a clause will effect the same object.

2016. You want an easier remedy than you have now?

Yes.

2017. But supposing this Committee which is now sitting should consider  
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[Continued.]

that that was rather an undue interference with the present liberty of the subject, and they should wish to modify it in some particular; can you suggest any way in which your object could be obtained without so widely departing from the existing law?

That is a question for a lawyer; I think that the Counsel of the Board of Trade and our solicitor together could frame something to meet that view.

2018. I will ask you this general question: you have the electric light in your house, and you employ dynamos and storage batteries?

Yes.

2019. And you have, I think, had at one time or another almost all the improvements that have been successively adopted, and have tested them all?

I have.

2020. And in the town of Wimbledon, where you reside, you superintended very large experiments in electric lighting?

I did.

2021. And I think that you took very careful notes of the economical results of those experiments?

I did.

2022. Could you give the Committee any idea as to how electricity at the present moment, under our present knowledge, compares with gas as to the cost of production?

I have made most careful experiments, and I have devoted a great deal of attention indeed to the economic question of the production of electric light. I have at different times written papers and made reports, and dealt with the matter, and the sum of my inquiries comes to this, that with our present knowledge it is impossible to produce electricity for lighting purposes at a cost less than double the price of gas.

2023. Lord *Wigan*.] What price of gas do you take there?

You may take it as general. Take Birmingham, where you can get gas at 2s. 1d., there electric light would cost 4s. 2d.; when you come to Wimbledon, where I pay 4s. 3d., then the electric light would cost 8s. 6d.

2024. *Chairman*.] Why is that; why should the cost always be double?

In my own particular case I use gas as the source of power. I get my power from a gas engine, so that instead of using the gas directly to light up the house, I use it indirectly as power, and convert it into electricity, and I naturally pay twice as much as I paid before.

2025. Lord *Bramwell*.] Have you as much light?

More light. I get more light than I did before from the same consumption of gas.

2026. Could you arrange so as to get the same amount of light, and then see what the comparative cost was?

That would be possible.

2027. But it would be difficult to modify your electric light in that way?

Yes, but the standard that regulates the cost of the light is the price of coal, and where your gas is cheap your power is cheap. Where your gas is dear your coals are dear, therefore your power is dear, and generally you may say in England and the same in America, the cost of electricity is nearly double the cost of gas.

2028. Lord *Rayleigh*.] Would you apply that proportion as between electricity and gas as between America and England?

No, the proportion in America is different; instead of being 2 to 1 it is 3 to 2.

2029. Lord *Bramwell*.] Can you put any value upon indirect gain, such as not tarnishing?

There are other elements to come in upon the *per contra* side; you have no

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[Continued.]

no deterioration of your fixtures; you have purer air, you have better health, you have less doctors' bills to pay, you have increased appetite, and I believe electric light will add to the years of my life.

2030. You cannot value all those things in money?

No.

2031. Lord *Ashford*.] Can you answer offhand how many cubic feet of gas is produced by a ton of coal?

Yes, it is between 9,000 and 10,000 as the outside limit.

2032. I would then ask you, 1,000 feet of gas being the unit of gas, 1,000 cubic feet, or one unit of gas, would require about one hundredweight of coal to produce it?

It would.

2033. Then 10 lbs. of coal for 1½ indicated horse power is the average of the present rate of the production of steam for electrical purposes?

Yes.

2034. If you take the combination per electrical unit; at this rate, 10 units would require about 100 lbs. of coal?

You are getting into calculations which I cannot follow; these calculations, based upon units, are very difficult to follow, even by experts.

2035. But what I wanted to lead up to was this, that you would get double the amount of illuminant out of the coal if you turn it into electric light than if you used it in the form of gas?

Yes, but that is shown in a far simpler way.

2036. How do you show it in a simpler way?

Twenty-five cubic feet of gas will maintain one horse-power, one horse-power will maintain 10 glow lamps, each giving 16-candle power; but 25 cubic feet of gas when burnt direct will maintain only five such lamps.

2037. The question I want to ask is this: as you produce from a ton of coal double the amount of illumination when used in the form of electric light as you do if you use it in the form of gas, why is it that electric light is so much dearer than the gas?

First, because you have to invest such a very large capital in your conductors and your wires; secondly, because you have to invest a considerable amount in your fittings, and you have also to bear the cost of the renewal of your lamps; those three items together are equivalent to the cost of the gas, and, therefore, double the price.

2038. I suppose the price of coal is likely to be constant?

You may take it that it is constant.

2039. And no improvement is likely to take place in that part of your calculation?

No.

2040. Then the improvement must take place to render electric light commercially practicable in the other factors of your sum?

Yes.

2041. And in the first cost of conductors?

Yes.

2042. And the first cost of the lamps?

Yes; and another very important item is the number of lamps maintained a light per horse-power.

2043. That improvement in lamps would increase the number of lamps that you could obtain per horse-power?

Yes.

2044. It is stated in evidence that there has been very little improvement in electricity since 1882, do you agree with that?

(92)

F F 3

I do

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[Continued.]

I do not. I think the improvements made during the last four or five years have been very considerable indeed. In the first place, the commercial value of a dynamo now is nine times what it was in 1882; that is to say, the cost is reduced one-third, and the output of the dynamo is increased three times, that makes its value nine times what it was before. I was rather disappointed that Lord Wigan did not ask some question upon that point; one of the greatest advances in electric lighting has been introduced in the Grosvenor Gallery. The system of the distribution of electricity by means of secondary generators, which is in use at the Grosvenor Gallery and in use in Tours, is being applied very largely upon the continent, and is going, in my opinion, to revolutionise the introduction of electric light in this country.

2045. You mentioned several cases in which improvements have taken place, and, amongst others, dynamos; but there is no further improvements in dynamos likely; the efficiency of the dynamo being over 95 per cent., there cannot be much improvement within that limit, between 95 and 100 per cent.?

There is very little room for improvement, but still there is some room for reduction in cost.

2046. There may come an improvement in lamps?

Yes.

2047. So that in point of fact your opinion, as a skilled electrician, is that though the coal factor may not be susceptible of much change, yet that the other factors are so moveable that you may hope to have a commercial success for electric light?

I think we certainly shall diminish the cost of the production of the electric light, but I scarcely anticipate that, with our present knowledge, electric light will become a competitor with gas.

2048. At the present moment, you put it at double the price of gas?

Yes.

2049. I do not follow how you arrive at double?

The result of experience, actual measurement, and actual cost.

2050. That is because you have adopted every successive system, and the change from one system to another must naturally have involved you in considerable expense?

I did not take it alone from the experience in my house; I have had to do, directly and indirectly, with many electric light installations, and that is the general experience.

2051. The Chairman suggests that you get greater candle power; but I suppose that, in your case, you do not get a greater illumination in your house than you were habituated to if you used gas?

I would not say that.

2052. *Chairman.*] Did I not understand you to say just now, that though the cost was double, the amount of light you got was more in proportion?

Yes.

2053. *Lord Ashford.*] Out of the same amount of gas you get double the amount of light?

Yes.

2054. *Lord Rayleigh.*] You burn the gas without any additional expense at all, whereas if you burn the gas in a dynamo, and procure electric light from it, you have a number of other expenses to meet?

Yes.

2055. *Chairman.*] As you have been good enough to answer so many general questions, perhaps you will answer one more; are you of opinion that we can now fix the cost of the electrical unit?

Yes, at the present date. I think we can fix the price of the electrical unit at the present day with our present knowledge.

2056. Therefore

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Mr. FREECE.

[Continued.]

2056. Therefore it would be possible to apply the principle of the sliding scale?

I think so.

2057. Lord *Wolverton*.] We have wandered off into a most interesting discussion, but I want to ask you one question upon this main point, that I asked you to come to-day upon, namely, as to the danger from these companies who now have wires without being under any order or control. I rather gathered that these three companies which you mentioned, or at least one of them, the larger one, manages its wires with the utmost care, and that from them you do not anticipate danger; but you think if that system uncontrolled is extended there would be great public danger from these companies starting without any legislative control?

I think so.

2058. That hardly came out strong enough, as you were carried off by Lord Wigan's question as to the instances you yourself brought forward, and you omitted to say that they were companies that were managed with great care and skill, and that they have insulated wires which you thought would answer every purpose, but you think that in ordinary cases it might not be so, therefore you naturally hoped to have safeguards upon that point?

I cannot put that point too strongly. I feel that if these companies are allowed to put up their wires without rule or regulation we shall have speculative companies springing up in every town throughout the country, being a source of great trouble and annoyance to us, and it is far better that it should be checked at once.

2059. It has been thought that these clauses are meant to bring companies under the ordinary Act which would make them purchasable, if Lord Houghton's Bill was right, under the old Act of 1882 by the local authority; the object of these clauses is not that?

It is simply to protect the public wires.

2060. *Chairman*.] You said just now in answer to a question from me, that you thought it possible to fix the cost of an electric unit now; what did you mean by the word "now"?

What I mean is this: that we can with our present knowledge estimate exactly the cost of the electric unit now, but next year, or the year after, improvements may take place which will vary the price.

2061. And lower it, in your opinion?

And lower it.

2062. And you would say that the cost of the electrical unit now is distinctly lower than it was four years ago?

Yes.

2063. Lord *Ashford*.] A great deal depends upon the question whether any meter at present in use or at present known is efficient or not, because companies must be allowed to prescribe the form of light if they have not an efficient meter by which to check it; would you be kind enough to say whether, in your opinion, there are efficient meters?

There are several efficient meters. I took pains in New York to examine the working of the meters used. All their charges are made by meter; and I found they were thoroughly efficient and thoroughly practicable. I have used a meter myself in my own house, and I measure the quantity of electricity that is stored up in my batteries and the quantity of electricity coming out of the batteries, and I am able to keep a debtor and creditor account of the consumption of electricity in my house.

2064. How do those meters compare with gas-meters as regards being effective and efficient?

I believe they are more efficient. I regard these meters as being right within 1 per cent.; and I am led to believe that gas-meters are not as accurate as that.

(92.)

F F 4

2065. In

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[Continued.]

2065. In point of fact you would be content to receive your store of electricity from a public source of supply, with at least the same confidence as you would from a gas-meter?

Yes.

2066. Those meters are constructed upon several different systems, are they not?

Yes.

2067. Some of them upon chemical grounds and some upon direct measurements of the currents?

Yes.

The Witness is directed to withdraw.

*Ordered,* That this Committee be adjourned to Monday next,  
at Eleven o'clock.

*Die Lunæ, 24<sup>o</sup> Maii, 1886.*

L O R D S P R E S E N T :

Earl COWPER.

Earl of CAMPERDOWN.

Lord ASHFORD.

Lord BALFOUR of BURLEY.

Lord RAYLEIGH.

Lord WIGAN.

Lord METHUEN.

Lord HOUGHTON.

Lord WOLVERTON.

Lord BRAMWELL.

Lord LINGEN.

THE EARL of CAMPERDOWN, IN THE CHAIR.

MR. ROBERT HUNTER, is called in ; and Examined, as follows

2068. Lord *Wolverton*.] You are Solicitor to the Post Office ?  
Yes.

2069. And you have constantly considered the position of our Office with reference to the Electric Lighting Acts ?  
I have.

2070. You were also, I think, concerned in drawing up the Act of 1882 ?  
I was. I had to consider the requirements of the Post Office, and I was consulted about Section 26, which was put in for the protection of the Post Office.

2071. Do you think that those clauses which you have seen as amended, and brought up to-day by Lord Houghton, meet our requirements ?  
Yes.

2072. Do they go beyond what you think absolutely necessary for our protection and the public safety ?

I think not. The object of the clauses is this. Although under the Electric Lighting Act of 1882 the Post Office is amply protected, whenever electric works are constructed under Provisional Order or License, yet when they are constructed without the authority of a Provisional Order or License, the Postmaster General has no simple or effectual means of protecting his wires from injury from any electrical works which are near them.

2073. *Chairman*.] Or of protecting the safety of the public ?

The public are in the same position. Of course the protection of the public is not the duty of the Postmaster General, but the Board of Trade are in the same position with regard to the public as the Postmaster General is with regard to his wires.

2074. Lord *Wolverton*.] There has been a case, which was known as the Wandsworth case, and to which your attention has been specially called in this matter ; will you explain that case to the Committee ?

When the Electric Lighting Act of 1882 was passed it was considered that no electrical works could be constructed without statutory powers of breaking up streets and carrying wires from point to point. But since the Act was passed there has been a decision in the case of the Wandsworth District Board of

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Mr. HUNTER.

[Continued.]

Works v. The United Telephone Company, in which it was held that if wires were placed at a sufficient height above the street to be out of what was called the ordinary area of user, the local authority have no power by virtue of their possessory interest in the soil of the street to interfere with the wires. It did not decide the question whether if it could be shown that those wires were a nuisance, the local authority might take proceedings against them.

2075. Lord *Bramwell*.] Or anybody else?

Or anybody else. It decided that the vesting of the street in the local authority did not carry with it any power to interfere with those wires. It is in consequence of that decision that various wires have been erected by some of the Electric Lighting Companies without any statutory authority.

2076. Lord *Wolverton*.] Will the proposed new clauses in the Government Bill, in your opinion, remedy this?

The proposed new clauses enable the Postmaster General to interfere with any electrical work for lighting erected without statutory authority injuriously affecting the Postmaster General's wires; and that is all we want.

2077. *Chairman*.] Whether it is erected with or without statutory authority?

If it is erected with statutory authority we are protected already. This clause is to meet the case where there is no statutory authority.

2078. Lord *Wolverton*.] With regard to Sub-section 6 of Clause 3, which excepts telegraphic and telephonic works, why have those been excepted?

Mainly, I think, because the telephone companies are not before this Committee, and the question has not been under discussion before this Committee. There was a Committee of the House of Commons last year upon the general question of overhead wires, and that Committee made certain recommendations, but at present no Act has been introduced to give effect to those recommendations.

2079. Lord *Balfour of Burley*.] Do you intend under the second sub-section of this new Clause 3, which is now placed upon the Table of the Committee, to enact that the Postmaster General in the carrying on of his Department may put one of his telegraphic wires close to a previously existing electric wire, and that if then that electric wire injuriously affects the Postmaster General's wire, the Postmaster General is still to have the power to order away the electric wire which was previously in possession of the place?

I think that the clause would operate to that extent.

2080. Do you think that is a fair thing?

The Postmaster General would not put a wire there unless he were bound to do so by the exigencies of the public service.

2081. Supposing that there is an advantageous place already occupied by another wire, and that the Postmaster General or his subordinates covet it, what is there to prevent his arbitrarily entering upon it and ordering away the previous holder?

The Postmaster General is always amenable to public opinion; and he can be called to account in the House of Commons for anything he does in an arbitrary way.

2082. Is that the only safeguard that the existing owner of the wire would have?

I think that the Postmaster General might under this clause put up a wire in any position he likes under whatever other power he has; and if after that wire was erected the use of the electric lighting wire was found to interfere with our communications, we might act under this clause; but as I say, I do not think the Postmaster General would do that.

2083. Do you think it fair that he should?

Yes, I think so.

2084. Then

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Mr. HUNTER.

[Continued.]

2084. Then if such an occasion should arise, do you think that the Postmaster General would so act?

If there were a necessity for our erecting a wire in that position.

2085. Would you object to a modification of the clause which would prevent that arbitrary action on his part?

It is rather difficult to guard against every case in which we might find it necessary to erect a wire; what your Lordship suggests would amount to this: that if the electric lighting wires were in position first, the Postmaster General's power of carrying wires from point to point in the way most beneficial to the public service would be restricted; that is hardly to be desired.

2086. Is it not fair that if another wire is in possession of the field the Postmaster General should not put up a wire in that position, but should choose some other position?

It is not always easy to find another position. It may be necessary in certain cases to carry wires in certain directions by the shortest routes. We have the duty cast upon us of carrying on the telegraphic communications of the country.

2087. You deliberately propose under this clause to oust the existing holder without compensation?

I do not think the case would arise, but if it were necessary I think we should have that power.

2088. Without compensation?

There is no provision for compensation. As I understand the case, we have an alternative. We should either ask that the wire should be discontinued, or that the supply should be continued under proper precautions.

2089. You have the alternative, but the unfortunate holder of the wire has not the alternative?

No, but it is impossible to conceive that we should adopt an arbitrary course.

2090. That is a matter of opinion; the words "injuriously affected" are defined by the Act which you propose to amend, are they not?

The words as they stand in this clause explain themselves. The words used are "to injuriously affect any telegraphic line of the Postmaster General, or to affect the telegraphic communication through any such line."

2091. As to the meaning of the words "injuriously affected," I would refer you to Section 26 of the Act of 1882, in which they are thus defined: "For the purposes of this section a telegraph line of the Postmaster General shall be deemed to be injuriously affected by a work if telegraphic communication by means of such line is, whether through induction or otherwise, or in any manner affected by such work, or by any use made of such work"?

Yes, that is what we intend.

2092. Then that would include something more than the injury through what is called induction?

Anything that interfered with the existing telegraphic communication would injuriously affect the line.

2093. What else would interfere besides the mixing of the currents?

I am not in a position to tell your Lordship that; I am no electrician, and I do not know in what way the wires might be affected; but it is necessary for us to cover any way that might arise.

2094. Lord Wolverton.] You would probably think that the matter is very much guarded by the last six lines of Sub-section 2 of Section 3, which declare that if a person lights under a License, Provisional Order, or Special Act, the power of the Postmaster General does not touch him?

Quite so.

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MR. HUNTER.

[Continued.]

2095. It is only the unlicensed people, and people acting outside the Act, who would come under these very strong powers?

Yes.

2096. Lord *Houghton*.] And I may add outside the Board of Trade Regulations, which cover persons who are not under any Act?

Yes. This Clause 2 only operates where there is no statutory authority, and where the Board of Trade do not think it necessary to interfere. Wherever the Board of Trade think it necessary to interfere under the first paragraph of this section they would make a special order or notice, and they would define the conditions under which those wires should be allowed to remain and to be used. Where the Board of Trade do not think it necessary to interfere in consequence of the works not being of a sufficiently public character, then the second paragraph is intended to protect the Postmaster General against any possible injury.

2097. Therefore you think that those words which seem very stringent are extremely limited in practical application?

Very limited. I do not conceive that there would be any possibility of anything unfair being done under them in practise.

2098. Lord *Balfour of Burley*.] What do you mean by saying that they are limited in their application?

As I stated just now, they only apply in cases where the Board of Trade do not think it necessary to interfere. They would only apply to cases of works of a small character, of a private character, or of a very limited character.

2099. But why should the person who has works of this small character be subject to the tyranny of having his wire compulsorily removed because you covet the site?

I do not think that case would arise.

2100. You do not deny that the power exists?

There is the power in an extreme case no doubt.

2101. Lord *Rayleigh*.] Do I correctly understand that any company which first satisfied the conditions laid down by the Board of Trade would ever afterwards be exempt from interference by the Postmaster General?

Under this sub-section. In that case the conditions would be incorporated in the order, or notice, or whatever the document was called which the Board of Trade issued.

2102. But it might turn out that the Board of Trade had made a mistake, and that their regulations were not sufficiently stringent for the protection of the Post Office?

Then that would be so much the worse for us.

2103. Lord *Wigan* (to Mr. *Preece*).] It is in order to get over the difficulty as to the insertion of an extra piece of wire on one side or the other, either by the undertakers or by the Post Office; is not that so?

That is so.

2104. Lord *Balfour of Burley*.] Are you satisfied that those words, "injuriously affected," mean only injuriously affecting by induction?

I could not say that, because I do not know what other means of interference there might be; I think it would be very impolitic to limit our powers in that way.

2105. Lord *Houghton*.] You understand that the intention of the clauses is that almost all cases should be brought under the regulations of the Board of Trade, and that those who do not choose to go under those regulations are not worthy of any special compassion?

That is so. There are three distinct cases. First, there is the case in which the undertakers apply for a Provisional Order or license under the Act of 1882; the second case is the case in which they do not do that, and the Board of Trade thinks that the undertaking is of a sufficiently public character to warrant their interference,

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Mr. HUNTER.

[Continued.]

interference, and then they give a notice under the first paragraph of this section. Then there is the third case, in which no Provisional Order is applied for, and the Board of Trade do not think it of sufficient importance to interfere, and we are protected by the second paragraph.

2106. I understand that if private persons were placed under the regulations of the Board of Trade, in that case also they would be saved?

Undoubtedly.

2107. I see no reason why private persons should not be under the regulations of the Board of Trade?

That as the clause is framed now is entirely in the discretion of the Board of Trade.

2108. Lord *Ashford*.] In reply to Lord Balfour's question about the Post Office, you said you thought it was fair that the Postmaster General should have the power of stopping the use of a wire which had been laid down even previously to the Postmaster General's wire; but supposing that the Committee should take a different view, would there be any form of words that you could suggest to read into Lord Houghton's Clauses, in order to prevent the hardship which in some of our minds exists?

Yes, it would not be difficult to modify the clause.

2109. In what way would you modify the clause to meet Lord Balfour's objection?

A slight transposition of the clause would possibly meet the case. We might by notice in writing require "that the supply of electricity through such electric line or work shall be continued only in accordance with such conditions and regulations for the protection of the telegraphic lines of the Postmaster General, and of the telegraphic communication through the same, as he may by, or in pursuance of such notice prescribe; or in default of it being possible to apply those conditions and regulations, then that it should be discontinued," or something to that effect: so that the clause should run, that we should have the power of imposing the conditions and regulations in the first instance, and, if they were not practicable, then of discontinuing the supply.

2110. I should like you to give me such words as could with advantage be introduced, because I should like to propose such words?

Perhaps your Lordship will allow me to confer with the counsel for the Board of Trade, if the Committee wish that I should suggest such words. I do not propose that amendment. Such words could be drafted, no doubt.

2111. With regard to the judgment against the Telephone Company in 1880, I believe that that rested not on any electrical inconvenience between the telephone wires and the telegraph wires, but on the infringement of a monopoly. The Postmaster General set up a claim, did he not, that the use of the telephone for conversation was an infringement of the monopoly granted to the Postmaster General by the Telegraph Acts?

It was so; it turned upon the question whether a telephonic communication was a telegraph, and it was decided that it was.

2112. And I think that it terminated in favour of the Post Office, and telephone wires were ordered to be discontinued, except under the authority of the Postmaster General, were they not?

There was a decision in favour of the Postmaster General on the general principle, and then the Postmaster General granted licenses to the telephone companies to continue their business under him.

2113. But that injunction was not granted in consequence of any electrical disturbance on the telegraph wires?

No, it had nothing to do with it.

2114. But it was in consequence of the infringement of the monopoly?  
Entirely.

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MR. HUNTER.

[Continued.]

2115. Lord *Bramwell*.] Who decided that Wandsworth case, as it has been called; did it go to any court of appeal?

Yes; I can give you the judgment; I have it here.

2116. Was the foundation of the claim of the Wandsworth Board of Works that the streets were vested in them, so to say, *usque ad cælum*?

Yes.

2117. The Court, I think, held that the streets were only vested in the Board of Works to such an extent as was necessary for street purposes?

They considered that the ownership upwards extended only as far as the ordinary area of user.

2118. I think I have some reason for remembering it; supposing that any existing wires, or any future wires, were put over a street, or say put over half-a-dozen buildings, the owners or occupiers of which had agreed that they would amongst themselves have an electric telegraph, such a case would come within this clause, would it not?

Yes, certainly.

2119. I thought you would say so; in the first place because it was right, and in the next place from your answer to Lord Balfour. No individual who had an electric wire, or a telegraph wire, or other wire, could complain and bring an action against the persons of whom I have spoken, whether he was before them or after them, could he?

I should imagine not.

2120. Because he would have used some wayleave, and they would have used their wayleaves?

Yes.

2121. He could not complain of them, and they could not complain of him?

No.

2122. But then you want to put the Postmaster General in a better position than an individual on public considerations, I suppose?

That is so.

2123. And that really is all; it is not for the better enforcement of any right that he has already, but it is merely, for the sake of the public, to put him in a better situation than he is in already?

That is so, with this one observation; that we have extensive rights of wayleave already as regards streets and railways, and so on, and it is to protect those.

2124. Supposing the case of a wayleave over my house, the fact of your living next door to me would give you no right as against me?

No.

2125. I suppose you could not in any way prevent an interference by wording your clause so as to take in the persons whose proceedings you objected to?

No, I think not.

2126. Lord *Rayleigh*.] Supposing that an electric lighting company had gone to the Board of Trade, and had submitted to their regulations in the first instance, and that afterwards the Post Office ran a wire in the immediate neighbourhood of that electric lighting wire, and the electric lighting wire was found to be a nuisance, and to interfere with the telegraphing along the telegraph wire, according to the strict wording of these clauses it seems that the Postmaster General would not have the power of interference?

He would not have it except under such clauses as were inserted in the authorization of the Board of Trade.

2127. Supposing it turned out that the Board of Trade regulations were not sufficiently stringent, would not the Post Office then go to the Board of Trade, and say, "You must alter your regulations and bring these wires under conditions to suit us"?

If

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Mr. HUNTER.

[Continued.]

If we had power to do so, we might. I am not quite clear at the moment what powers the Board of Trade have of interfering after they have once made an order.

2128. But the Board of Trade having once admitted that the establishment of given wires was suitable, could they afterwards, at a future time, say, "No, we have changed our minds, and they must be put up in some other way"?

Under the Act of 1882 they have the power in the case of Provisional Orders and Licenses of making further regulations afterwards; but this, of course, is not under the Act of 1882.

2129. So that a company would not be free from further interference, however fully they might have satisfied the Board of Trade at the time the wires were erected?

I have no doubt it is intended that the Board of Trade should have that power, and if that were so no doubt your Lordship's conclusion would be right; but, of course, it is only in the case, so far as we are concerned, where we found that our wire was injuriously affected, and that the telegraphic communication of the country to that extent could not be carried on; and I think that the Committee might rely upon it that the Postmaster General, if there were any simple precaution by means of which the case might be met, would ask that that should be adopted. We should not have any object in making ourselves disagreeable to the electric lighting companies, or persons.

2130. Lord *Wigan*.] If the Postmaster General requires a way-leave, does he go to a private house, and say, "I require a way-leave here," or, has he to ask for it?

Our powers with respect to way-leaves are very complicated; but speaking off-hand we cannot go to a private house and say, "I must erect a pole;" we have to get consent.

2131. You have not come to that yet?

I do not know that we ever shall.

2132. Lord *Ashford*.] But, practically, you do it without consent, do you not?

I do not think the Postmaster General ever erects poles without consent. The great majority of the poles now erected in London belong to the telephone companies and not to the Postmaster General. We have comparatively few overhead wires.

2133. Lord *Wigan*.] You said in answer to Lord Balfour, that you desired to have the powers contained in the second sub-section of the third section, because you thought that there might arise a case in which public necessity might be interfered with by the action of the electric lighting wires for the benefit of a smaller number of the public; but the Postmaster General sometimes finds private wires running from one house to another, does he not?

Yes.

2134. Therefore a single individual would interfere with the action of many people enjoying the electric telegraph?

That is conceivable.

2135. It has been mentioned in conversation before the Committee to-day that the terms of the third clause of the Government Bill do not place electric lines or other works which have been, or are to be, erected about the streets; that is to say, for which no concession has been granted under the Act of 1882, or a modification of the Act, in so far as the purchase clause and other matters are concerned; is that the case?

This clause does not bring them under the Act of 1882 at all; it leaves it to the Board of Trade to prescribe such conditions as the Board of Trade may think fit.

2136. For their erection and maintenance?

The words are, that they may "direct that such electric line or work shall  
(92.) be

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[Continued.]

be continued and used only in accordance with such conditions, and subject to such regulations for the protection of the public safety, and of the electric lines and works of the Postmaster General and other bodies and persons as the Board of Trade may by, or in pursuance of, such notice prescribe." I ought to say that I do not represent the Board of Trade.

2137. But you represent the Post Office, as far as the law is concerned?  
Yes.

2138. *Chairman.*] I suppose we may assume that you adopt this clause on behalf of the Post Office?

Undoubtedly; all that I meant to say was that I am not here to give any declaration as to what the Board of Trade may intend to do under this clause.

2139. But you adopt it on behalf of the Post Office?  
Yes, certainly.

2140. *Lord Wigan.*] I see that in line 2 of this same clause the reference is to any electric lines, &c. "over, along, across, or under any street"; do you consider that this clause would allow undertakers to take up streets without a license, Provisional Order, or Private Act?

No, it certainly would not. They may have put them under by some means.

2141. You cannot put them under except by getting a license?

No, but it is possible that undertakers may, with the consent of the local authority, have placed electric wires under the street without obtaining statutory authority. In that case the clause would apply. The Board of Trade could give them notice that they were not to continue those wires except under certain conditions. Strictly speaking, the local authority have no right to give leave to anybody to take a street up; anybody may indict them for a nuisance; but as matter of fact it is done in certain instances, wires have been laid down with the consent of the local authority, although the local authority have no statutory power to give the consent.

2142. *Lord Ashford.*] Is Clause No. 3 entirely retrospective in its action, or might the Board of Trade order wires already laid down under any authority to be removed?

Yes, the words are "may have been."

2143. *Lord Wigan.*] The Board of Trade may order that they shall be removed or conform to the regulation?

Quite so.

2144. *Lord Houghton.*] And the same thing also applies to the second subsection?

Yes.

2145. *Lord Ashford.*] They may "require such body or person to remove such electric line or work, or direct that such electric line or work shall be continued and used only in accordance with such conditions and subject to such regulations" as the Board of Trade may prescribe. The Board of Trade and the Postmaster General, or either of them, might elect to take one of two courses: they may say either, "You shall remove your line altogether," or "You shall come under the regulations"?

Yes; but the practical meaning of it is that we may require them to come under the regulations, and if they do not come under the regulations, then we may require them to remove the wires.

2146. *Chairman.*] That is not what is written in your clause?

No, it is not. The first power is a kind of sanction for the exercise of the second power. The possession of the power to make them remove gives us the power to enforce the regulations.

2147. Lord

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[Continued.]

2147. Lord *Bramwell*.] By the word "sanction" you mean penalties in effect?

Yes.

2148. Under that clause they might say *simpliciter* "remove it"? They might, no doubt.

The Witness is directed to withdraw.

MAJOR ROBERT YOUNG ARMSTRONG, R.E., is called in; and Examined, as follows:

2149. Lord *Houghton*.] I BELIEVE you are Inspector of Submarine Defences and adviser to the Inspector General of Fortifications in electric matters?

Yes.

2150. And from 1870 to 1883 you were Instructor in Electricity at the School of Military Engineering at Chatham?

Yes.

2151. With the assistance of other officers you have made extensive experiments with electric lighting apparatus, and you assisted the Board of Trade in drafting the purely technical clauses of the model Provisional Order?

Yes.

2152. You consider that central station lighting is now in a practical condition, do you not?

Yes, I consider that it is.

2153. But you think that improvements are likely to be effected in it?

I think it is a young industry in which improvements are certain to be effected.

2154. Will you state your opinion as to the advance which you believe has been made since 1882?

There has been a very great advance made in storage batteries, which I think will probably be a very important feature in electric lighting. There has also been an improvement in the government of steam engines, and there has been an improvement in dynamos. There has been an improvement in mains, and there has also been a very great improvement in the life of the incandescent lamps; and that is possibly the most important practical point of all because it governs the price so much.

2155. What have you to say as to the cost of the electric light as compared with that of gas?

In favourable circumstances, where the area was small, where the cost of the mains was small, and where the consumption was large, electricity could, I believe, be supplied even in London at less cost than gas at the present London prices (though that is a state of things which I do not think would obtain at all practically). But supposing that the suppliers of the electric light were obliged to supply small consumers as well as large consumers compulsorily, I believe that electricity must be very much dearer than gas; nevertheless there are certain cases in which I have no doubt whatever that electricity would be cheaper than gas; in fact, I can produce evidence to that effect.

2156. Lord *Rayleigh*.] You mean for equal illuminating power?

Yes.

2157. Lord *Wigan*.] Do you mean for private installation?

(92.)

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I can

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[Continued.]

I can conceive a public installation for which it might be cheaper, but it is not a thing which is likely to occur. In an installation for public purposes under the Act I can conceive cases in which electricity might be cheaper than gas; in fact, I know, for instance, that Brompton Barracks, Chatham, can be lighted more cheaply by electricity than by gas, and if that be done, and supposing that we might assume that there were a number of other buildings in the vicinity of the barracks lighted under the Act, I have no doubt that electricity could be supplied there cheaper than gas.

2158. *Chairman.*] When you speak of the supply of electric lighting to a given area, you assume, do you not, that that supply is compulsory to all consumers, whether large or small in the area?

In giving my answer, in the first instance, I meant that it would be only correct in the cases in which the small consumers were excluded. If you were compulsorily obliged to supply small consumers as well as large consumers, then I think that there electricity must be dearer than gas.

2159. The terms under which concessions have been given to private companies have been always hitherto, have they not, that they should supply all persons within their area who demanded that supply?

There is a minimum limit under which they are not obliged to supply.

2160. *Lord Houghton.*] Then to sum up, you do not think that if there was a compulsory supply to small consumers electric lighting could compete with gas?

No, I do not think it could.

2161. I believe you have two reports to hand in; could you state what they are?

One is a report on the result of lighting South Kensington and Bethnal Green Museums with electricity. This shows a considerable saving by the use of electricity as a substitute for gas. The other is a report on the lighting of the House of Commons; and that shows, according to the report, a slight excess of cost by the use of electricity instead of gas; but by analysing the figures as they ought to be analysed, I make out that if economical engines had been used for the electric light installation, and the cost of the lamps was what it ought reasonably to be, bearing in mind what the cost of the manufacture is, the electric lighting would have been considerably the cheaper of the two. There is one very important item of comparison as regards the cost of the gas. The value of the gas burnt in the House of Commons was taken by the officer who furnished the report as 525 l. a year, with repairs estimated at 12 l. If the electricity had been supplied by economical engines, the cost of coal should not have exceeded about 112 l. a year, and the cost of lamp renewals more than 60 l. a year. (*The Reports are handed in. See Appendix E.*)

2162. *Chairman.*] What would the percentage of the plant have been?

The first cost of the plant, I believe, was about 3,300 l.

2163. But, taking into consideration the duration of the plant, how much ought you to add for the cost of plant during that period?

It would vary for different portions of the plant. Of course the boilers wear out very rapidly.

2164. You say so much for coal, and so much for lamps; how much ought you to add for plant and for the wear and tear of your tanks and other things?

You would have to take different figures for different portions of it.

2165. But what percentage of the total cost would represent the cost of the plant?

I cannot give that.

2166. But, in order to institute a perfect comparison, you must give an exact value to each item in both cases; as you did in the case of gas, so you must do in the case of electric light.

That

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[Continued.]

That would have to be worked out, and I could do it if necessary; but I have not worked those figures out, because in the present case the electricity would be rather dearer than the gas. I merely wanted to call attention to the fact that there is a point at which electricity would be cheaper than gas in certain favourable circumstances, because the material consumed in the electric case is very much cheaper than it is in the gas case; that is to say, that the proportion of the cost of lighting by electricity, which is due to interest on first outlay, and, as you say, on the repair of the plant, is high as compared with the other portions of the cost, whereas it is quite the reverse in the case of gas.

2167. Lord *Houghton*.] Do you consider that it is possible for the Board of Trade to prescribe the original capital sufficient for a given area of supply?

No, it is not possible to do it, because the first cost must depend upon the number of people who take the lighting; in fact, upon the consumption.

2168. Upon the demand for the light?

Yes; first for lighting, and then for other purposes; and that demand must be a progressive one; that is to say, one person out of ten might take it at the beginning, and the next year, if they found it a success, that number might be doubled or trebled.

2169. Would it make a difference in settling the original amount of capital, according to what system of electric lighting was to be employed?

Yes, undoubtedly it would.

2170. And, therefore, it would be necessary that the promoters should be tied down to supply on a given system, supposing that you wished to limit the capital?

If you attempted to limit the capital they would have to state the system, of course.

2171. And that system might turn out to be not the most advantageous?

It might, certainly.

2172. Then, if that difficulty was met by fixing a large capital originally, would not that render the Auction Clauses in Lord Rayleigh's Bill altogether inoperative?

It seems to me that it would be so. That is a general question upon which I do not feel so competent to give an opinion as upon technical matters; but if you fix too large a capital it certainly seems to me it must defeat the Auction Clauses.

2173. As regards the demand, you do not think from experience that the original estimates on that point could be checked by the Board of Trade?

I do not see how they could be checked, because we see that they must be progressive; one day you send round a canvasser who takes a certain statement of the different people who are going to use the electric light; and immediately after the order is granted, twice the number of people might apply for the electric light.

2174. Supposing that they fix a standard price (which, as you know, comes also into Bill No. 1), what have you to say upon that?

I do not see how that could be done, because the price charged in this, as in everything else, must depend upon the consumption; in fact, in the case of electricity, it is especially so; the first outlay being extremely high, the cost of interest on capital is proportionately high.

2175. *Chairman*.] You mean that it is high in proportion to the total expenditure?

In proportion to the expenditure, the interest on first cost is extremely high.

2176. Lord *Houghton*.] How does the electric light differ from gas in that respect?

The first outlay in electric installations is very high compared with the first outlay in the case of gas.

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[Continued.]

2177. Have you any idea of the proportion ?

No, I cannot give that.

2178. Lord *Rayleigh*.] Do you mean including the laying of the mains for the gas ?

Yes.

2179. Lord *Houghton*.] In gas lighting you think it is the production charges which are heavy as compared with the original cost ?

Yes, that was what I was trying to make clear as to the information that we acquired from the results of the trials of the electric lighting of the House of Commons.

2180. *Chairman*.] What are the main items of original outlay in electric lighting ?

The mains are very heavy ; then there is the site for the central installation and the machinery ; those are the heavy costs.

2181. What are the principal items of cost in the case of gas ?

I am not quite so sure.

2182. You have the expense of the site, and you have the expense of the mains ?

Yes, but the site in the case of gas need not be such an expensive site, because it may be further removed ; and the mains, I believe, would not be nearly so expensive as the electric ones.

2183. Lord *Houghton*.] I want to draw your attention, as regards the question of cost, to the Paper which has been handed in by Mr. Crompton ; have you seen that Paper ?

Yes.

2184. What conclusion do you draw from it as to the question of fixing the price and fixing the original capital ?

I have no doubt whatever that this is correct, and it agrees with my own calculations so far as they have gone : that if an installation be a very large one, and the consumption very large, the price might be half what it might be in a case where the consumption is small.

2185. Then what conclusion would you draw from that ?

That you could not fix a price because you would not know what the consumption would be.

2186. Lord *Wigan*.] I think I understood you to say that there were great improvements in storage batteries, dynamos, and incandescent lamps ; and you went on to say that the improvement in incandescent lamps would materially affect the reduction of the price ?

What I intended to say was that it would materially affect the cost of electricity to the consumer, and, therefore, would materially affect the practicability of electric lighting.

2187. Has your attention been drawn to a case before the Law Courts within the last week ?

I cannot say that I have read it, but I have heard the result of that case, I believe.

2188. The result of that is to affirm to one company the entire monopoly of using large filament incandescent lamps, and that, therefore, will render any competition impossible so far as carbon is concerned, and the price therefore be maintained, I should imagine ; is not that the case ?

I am afraid that it will have that tendency if the decision be affirmed.

2179. You said that you could conceive conditions in which electricity could be supplied at a less cost than that of gas ; I apprehend that you are thinking of a private person who has large power at his command, and can utilise certain portions of that power, which would at other times be worked to other advantage, for the production of electricity for storage or otherwise ; is that the condition of which you conceive ?

No ;

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[Continued.]

No; it is in general terms as I stated it, that if the area be small, the cost of the mains small, and the consumption large, the electricity ought to be able to compete with gas even though you have to provide everything that is necessary for the production of electricity.

2190. You mean that if you can get a good *clientele* with a small outlay you can make it pay?

It comes very nearly to that.

2191. I think you alluded to the results of the experiments in electric lighting at the House of Commons and at the South Kensington and Bethnal Green Museums?

Yes.

2192. But I may point out that those are all *quasi* private installations?

They are.

2193. They are all contained within themselves; you have not had to take up streets for the purpose, have you?

No.

2194. You merely run insulated wires in the proper manner?

Certainly.

2195. And yet you say that the electric light has not competed favourably with gas?

I say that it has not competed favourably with gas in one instance.

2196. But you modify that by saying that had you had good engines and good coal it would have competed favourably?

In the case of the South Kensington Museum the cost of lighting has been reduced from 2,500 *l.* in the case of gas to 1,100 *l.*, or if you put down the interest on first capital, to 1,400 *l.*; so that there has been an enormous saving by the use of electricity. But they use arc lights to a considerable extent, and the officers who conducted the experiment have assessed the relative cost of lighting by electricity and by gas as two to three when you use the incandescent system, and two to five when you use the arc system.

2197. Lord Rayleigh.] In favour of electricity in both cases?

Yes.

2198. Lord Wigan.] But in none of those cases that you adduce is there any question of making large mains with a view of carrying your electricity from your central station?

No; if you had to carry a large main, I have no doubt whatever that under existing conditions, so far as I can see, the cost of electricity would be far greater than that of gas.

2199. You said that the cost of the plant in one of the cases that you mentioned was 3,300 *l.*; to which installation did you allude?

To the House of Commons.

2200. And you were of opinion that it did not favourably compete with gas?

According to the report electricity was 10 per cent. the dearer; but the figures want a good deal of correction in order to draw any beneficial inference as regards other cases, because that case was quite exceptional.

2201. May I ask how many lights there were utilised in the House of Commons for the expenditure of the 3,300 *l.*?

Roughly about 500.

2202. Lord Ashford.] Five hundred glow lamps?

Yes, I think there are no arcs.

2203. Lord Rayleigh.] Why do you think that there would be any serious difficulty in fixing a standard price for electricity?

Because the price must depend enormously upon the consumption.

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[Continued.]

2204. Supposing that you knew the consumption, would there be any difficulty then in fixing a standard price?

No, I do not think that there would be if you knew the consumption absolutely.

2205. The difficulty, then, is really this: that you would be in danger of having to provide for a great deal more than there might be a demand for at the moment?

Yes. Of course hitherto we have been dealing with electric lighting, but we know that electricity may also be used for power as well, and you would have to provide, not only for the present requirements in any given case of electric lighting, but also for probable or possible consumption of power.

2206. But it is nothing peculiar to electricity that if you know exactly what you have to do, there is no difficulty in estimating the cost of it?

If you know exactly what you have to do, you can estimate it, certainly.

2207. Lord *Bramwell*.] What you seem to apprehend as a possibility is, that there might be a nominal capital of a million, when probably 100,000 *l.* would do; each 10 *l.* shareholder would have 1 *l.* called, and then the other 9 *l.* could be called in some way or another, so that the Auction Clauses would not prevent such a case?

That is how it appears to me.

2208. I do not know whether you know much about finance, but do you think that it would be very attractive to shareholders and capitalists if you said that you wanted a million of money when in reality you only wanted a tenth part of it?

I am not a financier, and I do not know.

2209. I beg to say that I never heard of such a clever scheme as that; this is, perhaps, a question that is more within your experience; could not that be guarded against by calling upon the company to make an estimate somewhat near the mark, perhaps giving themselves a margin, the authorisation of the Board of Trade being given to their calling up that amount and spending it, but the company not being allowed to spend more without the sanction of the Board of Trade?

That appears to me to be a difficulty, because the people would know so little what the requirements would be.

2210. I do not mean to say that you could do it within 10 per cent. of correctness, but could you not do it with an approximation to correctness?

I cannot see how.

2211. Do you really mean to say that you could not tell upon looking at a concession whether the people were worth 100,000 *l.* or a million?

I should be very doubtful, indeed. If I went round all the houses and canvassed, even then I could not tell.

2212. Not whether it should be a certain amount or ten times as much?  
I could not tell.

2213. But you could tell what you would want to start with, could you not?

I could not do it, certainly, and I do not think that anybody could.

2214. Lord *Ashford*.] Did I correctly understand you to say that there would be any difficulty in fixing the price for the electrical unit in itself?  
Not if you know all the conditions.

2215. But you know the illuminating value of the electrical unit, which is a thousand volt-ampères; you know how many standard candles that would give, do you not?

You do at present, but that, I hope, will be increased.

2216. It can only be modified, can it, within very narrow limits?

I hope it will be modified very materially.

2217. Taking

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[Continued.]

2217. Taking a thousand volt-amperes to give 280 standard candles (which is what is usually calculated now), you would have no difficulty, would you, in comparing that with an equal amount of gas?

No; so far as that went, the comparison would be just.

2218. There would be no difficulty in that way in ascertaining the price of an electric unit of light?

But then you must consider the interest on the capital charges which in many cases would be the bulk of the annual cost of the undertaking.

2219. But if you had to obtain the light of 280 candles you would have to produce so much power?

Yes.

2220. Therefore there would be no difficulty, would there, in fixing the price of that unit?

Yes, there would be very great difficulty, because it would be dependent upon how much you had to pay annually as interest upon your capital.

2221. Lord *Wigan*.] I think you will agree that there is no difficulty in saying how much we can produce that amount of light for, provided that we have no other expense; but in addition to that you have to say how much more is to be charged for that light, in order to meet the expenditure of interest?

Quite so.

2222. Lord *Ashford*.] The object of my question was to induce you to try and separate the price of producing the light from the contingent surroundings, the raising of capital, and all the rest of it; as regards the production of the light itself, there would be no difficulty in fixing the price, would there?

No.

2223. You said that there were certain circumstances in which electricity could compete favourably with gas, and you said that it principally depended upon the area being small; do you mean the small area of the district to be supplied?

Yes, I meant that the distance to which you have to carry the electricity from the centre to the extreme points should be short; and I chiefly referred to the consumption of electricity in a given small area.

2224. The main factor would be, would it not, the sectional area of the conductors that you employed; in other words, the price of your conductors?

That does affect the question very largely.

2225. When you talked of a small area I thought you meant the sectional area of the conductors employed?

No, I referred to the general principle that the geographical area of supply should be small.

The Witness is directed to withdraw.

MR. WILLIAM HENRY PREECE, F.R.S., is re-called; and further  
Examined, as follows:

2226. Lord *Houghton*.] You were asked some questions with regard to the value of the electrical unit, and the ease of fixing that value, and its consequent effect on the standard price; as I understand it your opinion is this: that it is impossible to fix the value of the electrical unit now, but that it might be possible to do it two or three years hence; is that so?

Yes; what I had in my mind was that with the two conditions of a known area and a known system, it is perfectly simple and easy to calculate the cost of the production

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[Continued.]

production of an unit now ; by emphasizing the word " now," I meant to imply that there was great probability of improvement being effected in the next year or two, and that at the end of a year or two that price would have to be varied.

2227. *Chairman.*] Besides a known area and a known system, you meant to include a known consumption too, did you not ?

Yes, known consumption too ; on the other hand, if the area were extended, and, therefore, the consumption were very much extended, the price of the production of an unit would be reduced.

2228. But it would be quite possible, would it not, to separate area and consumption ; that is to say, your area might be known and fixed, and your consumption might not be fixed, but might go on increasing, and that, probably, would happen ?

That is, probably, what would happen, and it is that uncertainty of consumption that is the most difficult point to deal with in this question of electric lighting. I can give you an instance. There was a Provisional Order for lighting the City of Bristol ; in the particular area that they wanted to light there were, I think, 508 persons who would come within the supply. If they had started this electric light installation with the idea of supplying 508 people, they would have had to incur a very large expenditure for mains and plant. But before they inquired into the cost they thought it advisable to canvass those 508 people, and they found that out of that number only 94 would take the electric light. So that in order to provide a plant to supply that district, according to the requirements of the district, they would simply to lay down plant for 94 persons.

2229. As was pointed out just now by a noble Lord, it would be very difficult to fix even what would be the consumption of those 94 persons, because it might go on increasing ?

I perfectly agree. My experience has always been that where persons take a certain number of lights, they invariably want more, and you can never satisfy people. The charm of the light is so great that they instantly want all that can possibly be supplied to them.

2230. Lord *Houghton.*] Do you believe that it would be possible in giving a concession for any given area to name a standard price at which electricity could be there supplied ?

I think that it is an extremely difficult point, indeed, to fix on any standard price with our present knowledge. With our present experience of the demands upon electric lighting it would be difficult to work satisfactorily the sliding scale, as is done in the case of gas. Of course with gas it is an extremely simple thing. The price of the production is known, and the average supply is known, but it is the average supply that is not known in the case of electric lighting.

2231. Lord *Bramwell.*] Is there not some uncertainty in the outset in the case of a gas undertaking as to what would be a fair maximum price ; that is to say, are you not in a state of uncertainty as to what the consumption will be ?

No, I think that gas has been flourishing now for so many years that the average consumption, the average demand, is thoroughly known for any district.

2232. Could some arrangement of this sort be made : a maximum dividend fixed with no power to go beyond that, so that there should be some power in the Board of Trade, or elsewhere, to say when that maximum dividend is being made (dropping all questions about the sliding scale). " Well, now you are receiving your maximum dividend ; you must reduce your price " ?

Yes, you mean a sliding sliding-scale ?

2233. Something like that ?

That the Board of Trade shall have power every now and then to revise the maximum price of production.

2234. Yes,

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[Continued.]

2234. Yes, subject to this, that they did not reduce the dividend below the maximum amount?

You mean to keep the maximum dividend fixed?

2235. To keep the maximum dividend fixed, and to say to the undertakers, "You are making your maximum dividend, and more, therefore you shall reduce your price"?

There would be no difficulty in working it in that way; that is to say, the Board of Trade revising the maximum price of production every two or three years. Then it would become what I said, a sliding sliding-scale.

2236. *Chairman.*] Is there any instance of anything of the kind being done in reference to any question between the Board of Trade and a company?

I think not.

2237. Lord *Bramwell.*] Do you know a public electrical company that is working yet?

Yes.

2238. Where?

At the Grosvenor Gallery.

2239. That is not public, is it?

Not under the Act. There is not one under the Act.

2240. Lord *Ashford.*] Is there not one at Norwich?

I have not heard of it. There is one at Colchester.

2241. Lord *Rayleigh.*] I understand the suggestion to be this: that supposing in the first instance that the standard price fixed turned out in the light of subsequent knowledge not to be very correct, you can imagine that after an interval of time the Board of Trade might have the power to revise that standard price?

Yes.

2242. And in that way the difficulty, depending upon the error in the first estimate of the standard price, would be obviated after the lapse of an interval of time?

Yes.

2243. With regard to this difficulty as to the standard price, do I correctly understand you to mean that there is a difficulty now in estimating what the cost of electrical energy would be at the generating station itself?

No, there is no difficulty in finding the cost for a given plant, or a given consumption; the difficulty is to determine what will be the consumption, and what therefore shall be the plant.

2244. The difficulty depends upon this, then: that you do not know beforehand what the consumption will be, and therefore you do not know what plant to lay down?

That is it exactly.

2245. If you lay down too little plant you cannot meet the demand; if you lay down too much you are paying interest on an expensive plant for which you have no use?

Just so. If electric lighting were in the same position as gas, if we knew exactly the amount that would be demanded, there would be no difficulty whatever in applying the sliding rule to the case of electricity; but at the present moment the whole thing is in a state of development, and the first thing that has to be done is to educate the public to the use of the electric light.

2246. But the difficulty in fixing the price is that you do not know beforehand what the demand is likely to be?

That is the main difficulty.

2247. Lord *Bramwell.*] We have heard of these reductions of 25 or 30 to 40 per cent. that the corporations have made in the price of gas; has not that

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shown

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[Continued.]

shown that in some way or other the thing has gone beyond their expectations?

I should think it shows that corporations, like private companies, are quite ready to adopt improvements, and the reductions are probably due to improvements in the production of gas.

2248. Lord *Wigan*.] In fact you would think that the proper legislation on this subject would be that the child shall not run until it has learned to walk?

Very much so. I think that electricity is simply in its infancy, and requires development.

The Witness is directed to withdraw.

MR. HENRY G. CALCRAFT, is called in; and Examined,  
as follows:

2249. Lord *Houghton*.] You are Permanent Secretary of the Board of Trade?

Yes.

2250. And you have read the Bill which is called Bill No. 1, which is the Bill with Lord Rayleigh's name upon it?

Yes.

2251. And you are aware that Lord Rayleigh in that Bill proposes to set the electric light upon the same footing as gas, as regards the introduction of the sliding scale with auction clauses?

Yes.

2252. Would you tell the Committee what your view is upon that subject?

I think from my experience of Provisional Orders with regard to gas that it would be impossible to work it. I may say that at the present moment, when a new gas undertaking comes before the Board of Trade, it is not the usual practice to authorise an initial price and the sliding scale, because we have not at that time sufficient experience to inform us what will be the expenses connected with the introduction of the gas or the demand for gas, or various other details which would enable us to form a proper notion of what the initial price should be. Applying that principle to electric lighting, I think it would be utterly impossible to fix a proper initial price for an electric lighting scheme in the first instance.

2253. And that would involve, in all probability, you think, the raising of an unnecessarily large capital?

I am sorry to say that I think, with all the experience that we have had with gas, that we have very often erred in giving too high a price to gas companies as it is; and how we should act with regard to electric lighting companies I cannot possibly say.

2254. And you do not think, therefore, that the auction clauses would be operative?

The auction clauses would not, I think, be at all fair, unless you have a sliding scale.

2255. Lord *Wigan*.] Fair to the consumers, or fair to the undertakers?

To the undertakers. The advantage of the auction clauses is this: that most of the companies are enabled to raise their capital at a high premium. New capital was formerly distributed *pro rata* among the shareholders. Now, by the action

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[Continued.]

action of the Auction Clauses all the money that is raised beyond the nominal value is devoted to the purposes of the company, but bears no interest, and, therefore, it goes towards reducing the price of the gas.

2256. Lord *Ashford*.] You mean the premium?

Yes.

2257. Lord *Houghton*.] In the event of there being a compulsory sale, what would be your opinion if the words "going concern" were introduced in every case into the terms of purchase?

I think it is likely to cause a very large unnecessary sum of money to be expended by the local authority when they purchase the undertaking; all experience has shown that that has been the case with regard to the gas companies.

2258. There is a point which has been raised with regard to these new clauses that have been brought up to-day; there was some question raised in the Committee as to whether it was desirable for the Board of Trade to have the power to require those who were starting electric light concerns, or who had already started them, to remove their works if they do not comply with the regulations; what is your opinion as to the importance of that?

I think it is very important that that power should be given; I do not think it is likely that it would be exercised, for I am happy to say that in all my experience with companies, they, as a rule, show every desire to comply with the reasonable requirements of a Government Department, and I think it is most unlikely that it would be necessary to enforce it; but at the same time I think it is very desirable to have it as a reserve power?

2259. I understand from what you have said that even if it were possible to introduce the system of the sliding scale into electric lighting, you are not of opinion that it has worked so well in the case of gas that there would be any particular advantage in introducing it except in case of necessity?

I will not go so far as that. Supposing that the electric lighting schemes had been in operation as long as gas, and that the electric companies had made the very large profits which the gas companies have made, and that the same information existed with regard to electricity as exists with regard to going gas concerns, it would, I think, be very desirable that the public should get the advantage of the premiums upon all capital that was issued.

2260. Provided, of course, that there had been in the past no power of compulsory purchase, and that they had been in the position of the gas companies?

Exactly.

2261. But you see no advantage in introducing the principle in an entirely new industry?

Certainly not.

2262. Lord *Balfour of Burley*.] You are familiar with this amended print of clauses which Lord *Houghton* has circulated to-day?

Yes.

2263. Under the last proposed amendment in the 2nd Clause there is a power proposed to be given to local authorities and undertakers to agree upon the terms on which a concession shall be made, subject to the consent of the Board of Trade?

Yes.

2264. And that power would include a provision that, at the end of a certain term of years, the local authority should buy as a going concern?

If there was a bargain made with the undertakers.

2265. Would the Board of Trade look with favour on a bargain of that kind?

I think that the Board of Trade are always disposed to place great confidence

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[Continued.]

in the decision arrived at by a corporation, or other local authority, in matters of this kind; and that if after mature consideration they, as the representatives of the population, arrive at the conclusion that that is the best bargain that could be made, the Board of Trade would be inclined not to disagree with the Corporation, unless there were some very strong reasons on public grounds against the proposal.

2266. Those two provisos differ in this way, do they not: that under the first proviso you can over-rule the local authority if it will not give the consent; and under the second proviso you cannot over-rule the local authority?

Under the first proviso, if they do not give their consent, we may over-rule them. As a rule, I may tell your Lordship that if we have to over-rule the local authority, we send one of our inspectors down to hold an inquiry, and to report the circumstances of the case.

2267. But might not the local authority so work those provisions as to make their terms of bargain so hard as to render nugatory the proviso that you can over-rule them?

Yes, but then we can grant an Order in the terms of the Act.

2268. But then you drive the undertakers back upon the terms of the Act, which has proved inoperative up to this time?

They would get 42 years instead of 21 years.

2269. Still that is maintaining the purchase provisions of the existing law?

Yes, certainly, unless they come to an arrangement with the local authority.

2270. So that really, even if those provisions were enacted, it is practically in the power of a corporation, which is a provider of gas, to maintain its veto upon the introduction of electric lighting?

Yes. Supposing that the wishes of the town were for it, the corporation would have to disregard all the wishes of their constituents, who elect them.

2271. Would you see any objection to giving the Board of Trade the same discretionary power to over-rule the local authority under the 2nd proviso which you give under the 1st proviso, but only in those cases in which the local authority is providing light at the present time?

I think that would be throwing a very difficult duty upon the Board of Trade. When there was that great demand for electric lighting Orders in 1883, those local authorities who were supplying gas raised no insuperable difficulties.

2272. I suppose you will not dispute that a local authority that was a gas owner would be more likely to exercise its veto for the preservation of its own monopoly than for the purchase of a monopoly enjoyed by an infant company?

There was nothing in the experience which the Board of Trade gained in 1882 that showed that.

2273. Passing from that experience it almost goes without saying, does it not, that a local authority would do so?

They might certainly do so, but I cannot admit that they did show that tendency when we had those Orders before us.

2274. Lord *Ashford*.] You are aware that in the No. 2 Bill, my Bill, I say straight out that at the end of 42 years the local authority shall be enabled to purchase as a going concern?

Yes.

2275. In the memorandum we have here regarding these clauses, the words "going concern" are mentioned?

Yes.

2276. But when we come to the enacting clause, as I suppose it to be, on page 2, line 10, in *italics*, we only see this: "Provided also that the Board of Trade

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Mr. CALCRAFT.

[Continued.]

'Trade may by any Provisional Order to be made by them under this Act, if they think fit, vary the terms upon which any local authority may require the undertakers to sell.' It appears to me that in the Government Bill, as amended, the words "going concern" are intentionally (if I may use the word without offence) shirked out?

I should think they are left out intentionally.

2277. Might I ask why the words "going concern" should be mentioned in the Memorandum, and that when you come to give effect to that proposal they should be left out in the Bill?

Our Memorandum, which was written for the purpose of endeavouring to explain (I am afraid not sufficiently), was to show that it would be possible, if the local authority chose and the undertakers agreed to their terms, to buy at such a price as might be fixed as a going concern; but it is unnecessary to put that in sub-section 2, because that would limit them to that one arrangement only, whereas they may make any terms they like with the undertakers, and that the undertakers may like with them; it is a much wider power.

2278. Then you prefer the arrangement as proposed here in *italics* to the proposal that the local authority should, as a matter of course, at the end of 41 years purchase as a going concern?

Certainly.

2279. Do you think there is any particular objection to purchasing as a going concern?

Yes, I do.

2280. Why do you object to the words "going concern"?

I endeavoured to tell Lord Houghton that I think all experience will show that when companies have to be bought up as a going concern, the sum of money to be paid to them is very large indeed, and the public are put to unnecessary expense.

2281. That, of course, pre-supposes that it is desirable that local authorities should have the lighting of the towns under their jurisdiction within their own control?

Certainly.

2282. Supposing that by Provisional Order companies were empowered to sell as a going concern, would it not be perfectly open to them to make other terms with local authorities exactly as is done under the Government Bill? Even if my Bill were to pass as it stands, it would still be open to the undertakers to say to a local authority, if you do not like it, let us modify these terms, and let us introduce a modification in the Provisional Order?

Putting the legal point aside, I think it would be very undesirable, in the first place, to indicate, as your Bill would do, to the undertakers that they would always get the price of a going concern. That would be an indication to the undertakers that they should receive, and to the local authority that they should give, that price; and that I do not think, speaking from the Board of Trade point of view, would be desirable.

2283. I think I gathered from your answer to Lord Houghton's question that you were of opinion that if they thought that at the end of 42 years they would be purchased as a going concern, there would be a tendency on the part of the undertakers to be reckless in the last few years of their undertaking?

I think so.

2284. We are all acknowledging that the Government Bill as at present amended is a great advance in our direction, and, therefore, we do not want to be in the least hostile to it. In Clause 3 of the Government Bill, line 30, there is a power to the Board of Trade to order undertakers to remove an electric line or work, or to direct that such electric line or work shall be continued and used only in accordance with such conditions, and subject to such regulations for the protection of the public safety, and of the Post Office electric lines

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Mr. CALCRAFT.

[ *Continued.* ]

and works as the Board of Trade may prescribe. That seems to me to give to the Board of Trade the power of adopting one of two alternatives: either saying "Remove your line altogether," or else, saying, "Come under proper restrictions"; is that your intention?

No. As I endeavoured to explain to Lord Houghton, the power is only desired in the event, which I think is a most unlikely event, that the company would not adopt the reasonable precautions which the Board of Trade might wish them to adopt.

2285. Would you have any objection to the insertion of words there to show that one is merely preliminary to the other?

That is a matter of drafting which I shall be most happy to consider with the draftsman. It is pointed out to me that it is desirable that this clause should apply to cases where they are supplying without any Order or license or any Parliamentary sanction whatever.

2286. Would you have any objection to the insertion of such words as these: "to remove such electric line or work, or in case they refuse to submit to reasonable restrictions," or something to that effect, "then to direct that such line shall be removed"?

As this is a question of drafting, I would rather that you would ask Mr. Thompson afterwards to explain this clause. The Board of Trade have no desire in any way to press harshly or hardly upon any companies, but they do want to have power to enable them, in the interest of public safety, to say to anyone who is supplying electricity that he must come under some regulations.

2287. But supposing it to be legally possible, you would have no objection to putting in some words to indicate that those two are alternatives, and that one power is to be exhausted before you proceed to the other?

No, if there is no legal objection, certainly not.

2288. Lord *Bramwell*.] Did I rightly understand you to say that your objection to the undertakers having a right to be purchased as a going concern was that they might increase their capital towards the end of that term?

I said that that was one of the objections.

2289. But is not that guarded against by the Auction Clauses?

No, not necessarily.

2290. Would it not be guarded against if the Auction Clauses were put into the Bill?

No. Supposing that the Auction Clauses did not bring in any premium, how would it guard it?

2291. Then how would the purchaser have lost anything if there was no premium? You say that that was one of your objections; I think I understood you to say that another of your objections was this, that more money had been paid for these concerns than might have been otherwise paid?

Yes.

2292. As I understand, you must mean that if at the outset it could have been known what the future would be, the price would have been less if it had been purchased then; do you follow me?

No.

2293. A going concern is making 10 per cent., and a man who has to pay for it, perhaps, has to pay cent. per cent. premium upon the shares. If that could have been foretold at the outset, probably some less advantageous terms would have been given to the concessionaire?

Very likely.

2294. Therefore your complaint is that the thing turns out somewhat unfortunately for the local authority; that is to say, that they have to give a higher price, though harder terms had been put upon the undertakers?

Yes.

2295. But

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[Continued.]

2295. But if you do not know what the risk of the undertakers is, as in the case of electric lighting, what then?

I think that the public ought to have the pull.

2296. Will you describe exactly what you mean by the word "pull"?

I think if it is the case that it is very doubtful whether the thing will turn out very well or moderately well, and then it turns out better than is anticipated, the public ought to have the advantage.

2297. That is to say, that the undertakers ought to run the risk of failure, and the public ought to have the benefit of success; is that what it comes to?

It is not necessary for the undertakers to take it up.

2298. Lord *Rayleigh*.] When you say that it is not necessary for the undertakers to take it up, you mean that it is not necessary that the public should get the advantages of the electric light?

The local authority may take it up.

2299. Supposing that the local authority do not see their way to take it up either, what then?

Then I suppose it would be postponed for a period.

2300. The whole of your argument seems to come to this: that it is less important that the public should get the light than that the companies should not make two profits?

I think it is essential that the public should not pay too highly for it.

2301. But is it better that they should not get it at all at any price than that they should have to pay too highly for it?

By this Bill it is proposed that they should get it upon what terms they please; that if they think it desirable to pay highly for it they should get it. This amended Bill enables any town or district, if they think it desirable, to pay highly for the electric light; to make an arrangement to that effect with the undertakers.

2302. You mean acting through the local authority?

Acting through the local authority.

2303. But is it not possible that many individuals within the area might be very glad to have the electric light upon certain terms, but that they may not be able to persuade the local authority to give the consent required by the amended Bill?

I suppose that may be the case; but I should have thought that the local authority was a good judge of what was the interest of the locality generally.

2304. I can understand that the local authority may be a good judge of the interests of the ratepayers, and perhaps of the great mass of the inhabitants; but supposing that there is a minority who want the electric light, it seems to me that under the Bill there is no provision by which they can force the local authority to give the consent required, and if that consent is not given, the clauses fall through?

Certainly.

2305. With regard to the sliding scale, I am, unfortunately, rather in the difficulty of not being myself very conversant with the matter; but would not the difficulty which you point to as to fixing the standard price be met by giving the Board of Trade, or some authority, the power to revise the standard price at intervals of time?

I think there would be considerable difficulties in doing so, and I think there would be considerable dislike on the part of the companies. I know in instances where the local authorities have asked for that power to be given with regard to gas the undertakers have always objected most strongly to it.

2306. But they also object to the provisions of your Bill?

I do not know that they object to the provisions of this Bill, but they did object to the original Bill?

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Mr. CALCRAFT.

[ *Continued.* ]

2307. But as a mere matter of machinery, do you think that it would be a difficult thing to require that the standard of price should be subject to revision at intervals of time?

It is a very long story to go into, but in the case of the London gas companies that provision was put in; and when the great coal famine came there was an inquiry held for the purpose of increasing the price of the gas, and when it acted in that way it was very unpopular with the community at large. It might tell both ways. If there is a power of revision it might make the price of electricity higher as well as lower. It is a very difficult question to deal with.

2308. Do you consider it to be of very great importance that the standard price should be fixed with great accuracy in order to work a sliding scale?

Yes, it is everything, because if it is fixed too high it enables the companies to pay very high dividends, and if it is fixed too low it is very unfair upon the companies. For instance, the initial price of the gas for the north of London was fixed by the late Mr. Forster at 3 s. 9 d. The result is they are paying 12 per cent., whereas formerly they were paying 10 per cent. Again, in the next year, the price of the gas in the south of London was fixed at 3 s. 6 d., 3 d. being taken off the initial price; and that company is paying a little over 12 per cent.

2309. You think it is a lesser evil to leave the companies absolutely free to charge whatever price they like during 40 years, than to adopt such an arrangement as my Bill proposes, even at the risk of there being some little inaccuracy in fixing the standard price?

Yes, on the whole I do. There would be a maximum price.

2310. Fixed in the Provisional Order?

Yes; the prices were fixed in the original Provisional Order.

2311. Lord *Wigan*.] In line 2 of section 3 of the amended Bill I see the words "under any street"; is it in contemplation under those words that a person may put a wire under the street without the permission of the local authority, because it is distinctly forbidden by the Metropolitan Act?

Yes, but that is only in the metropolis, not in the country.

2312. Then it will carry the metropolis with it?

It is only a limited power. It is only where it has been done.

2313. *Chairman*.] You are of opinion, I think, that a corporation ought to have a compulsory power of purchasing electric lighting undertakings?

Yes.

2314. And you would think that if we limited that power to a power of purchasing by agreement, that would be insufficient in the public interest?

That is the view of the Board of Trade.

2315. With regard to the issuing of Provisional Orders by the Board of Trade at the present time, will you kindly tell us what is the procedure at the Board of Trade when an application is made by, say, an electric lighting company, for a Provisional Order?

All the notices have to be given in the usual way, as provided for by the rules of the Board of Trade.

2316. Notices to whom?

To the local authorities, and to any railway company, or tramway company, or canal company, or bridge trustees, or other persons, that the wires affect; in fact, all the notices that are usually given under a private Bill.

2317. And they have the opportunity of appearing and stating objections? Exactly.

2318. Invariably?

Invariably. The procedure is exactly the same with regard to that as with regard to a private Bill, with reference to notice.

2319. Do

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Mr. CALCRAFT.

[Continued.]

2319. Do you think it is a desirable thing upon the whole that the local authorities should have a power of veto on any electric lighting undertaking, subject to being overruled by the Board of Trade?

Yes, in the same way as under the Gas Act.

2320. Of course in making that further concession to the local authority, you assume that that is only part of a bargain, and that the local authority would, in their turn, take a favourable view of the terms of purchase, which possibly might be more advantageous to the companies than was contemplated in the original Government Bill of this year?

Exactly.

2321. Lord *Ashford*.] Nothing has been said about licenses. I remember that in 1882 a good deal was thought about licenses, and it was expected that people would take licenses for limited terms; and I think you had several applications, had you not, for licenses?

We had.

2322. Were any of them proceeded with?

Yes; one was at Colchester, where the electric lighting went on for some little time, but now it is in an unfortunate condition.

2323. So I have understood. Could you, for the information of the Committee, suggest the reason why licenses have not been successful?

Two proposals for licenses were granted by the Board of Trade this spring, and one is now under consideration.

2324. I myself anticipated that licenses would be a very considerable advantage, and I was somewhat surprised that no advantage had been taken of them. I believe that with the exception of the Colchester case no license has ever succeeded at all?

No.

2325. And the Colchester license has not been altogether successful?

No.

2326. Do you attribute that want of success to any of the restrictions which are now being removed in the Government Bill?

I think perhaps so. With regard to these new licenses, the Board of Trade have intimated that they would give a license to a local authority, with power to the local authority to sublet it to undertakers; and that, I think, is likely to be rather more availed of. In fact, it is just the same principle as this clause, which is to enable the local authority to make its own bargain with the undertakers; that is the principle which we have already adopted in our licenses.

2327. Do you, from your long experience of these matters, think that the Board of Trade concessions, which I admit are very large, are now sufficiently large to attract capital?

That I could not answer.

The Witness is directed to withdraw.

*Ordered*, That this Committee be adjourned to Monday next,  
at Twelve o'clock.



*Die Lunæ, 31<sup>o</sup> Maii, 1886.*

L O R D S   P R E S E N T :

Earl COWPER.	Lord METHUEN.
Earl of CAMPERDOWN.	Lord HOUGHTON.
Lord ASHFORD.	Lord WOLVERTON.
Lord BALFOUR of BURLEY.	Lord BRAMWELL.
Lord RAYLEIGH.	Lord LINGEN.
Lord WIGAN.	

THE EARL of CAMPERDOWN, IN THE CHAIR.

MR. ALBERT CHILDERS MEYSEY-THOMPSON, is called in ; and  
Examined, as follows :

2328. Lord *Wigan*.] CLAUSE 3 of the Government Bill as amended, reads :  
“Whereas, in case any electric line or other work may have been laid down or  
erected” ; is that meant to include, “may have been,” or “shall have been  
erected” ?

Yes.

2329. That is to be distinctly understood ?

Yes.

2330. Overhead wires requesting no privilege from the local authority are  
therefore not to be included under the purchase clause ?

That of course would depend entirely upon the circumstances of the case. As  
the clause stands at present, supposing any body were to place an electric line or  
other work over a street, and were to supply electricity, as for instance, in the case  
of the Grosvenor Gallery installation, the Board of Trade might, if they thought  
that that installation was one which ought not to be carried on except under the  
provisions of a License, Order, or special Act, call upon them to remove that line,  
or to apply for a License, Order, or special Act.

2331. Lord *Rayleigh*.] That is exactly contrary to what I understood the  
other day. It was explained that the interference was to be solely in the in-  
terest of the public safety ?

I am instructed specially to say on behalf of Mr. Calcraft that he was afraid  
some such impression existed on the part of the Committee. He said that that  
was not what he intended, and he wished me to make that clear to the Com-  
mittee, and to say that he did not quite appreciate the point that was being put to  
him at the moment. I am also instructed to say on behalf of the Board that  
unless some such provision as that is inserted, they would hardly wish to press  
this clause at all, because it would be a premium upon the putting up of  
overhead wires. No body of undertakers would go for an Order or License, or  
special Act, if they could put their wires above ground without being sub-  
ject to any restrictions whatever, except those for the public safety ; they would  
not be bound to supply anybody they did not choose, and they could in this  
way evade the Act, and evade all control of the local authority, or of the Board  
of Trade, except simply with regard to conditions and regulations as to the

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Mr. MEYSEY-THOMPSON.

[Continued.]

pendent supply crossing the public streets, and not subject to any of the provisions whatever of the Act of 1882, with regard to giving an undue preference, or with regard to price or anything else. When the Act of 1882 was passed, it was certainly the opinion of the Board of Trade, and I believe in many other quarters, that no wire could be taken across a street without being liable to an indictment for nuisance by the local authority. Since the Act of 1882 the Wandsworth case has been decided, in which it was held that certainly in that case the local authority had no power to interfere with the placing of overhead wires above streets. Therefore, now the condition of things is this: that people may cross streets as much as they like without the consent of anybody, so long as they can get rights from the owners of the houses on each side; but they cannot break up the streets without the consent of the local authority.

2351. Then, so far as this Clause is concerned, it would make no difference whether it was a joint stock company that was proceeding without a license or a Provisional Order, or whether it was a private person, or whether it was a sort of semi-private person like the owners of the Grosvenor Gallery. The whole gist of this clause is to give a control where people are proceeding without a License or Provisional Order?

Yes; but the Board of Trade would not be satisfied with simply having the power to place them under conditions and regulations for the protection of the public safety if they had no power whatever to interfere with them so far as the conditions of supply, price, fraudulent preference, and so forth are concerned.

2352. To put it quite plainly, supposing this Clause to be passed as it stands, the Board of Trade might the day after it passed order the Grosvenor Gallery to pull down all their works?

Yes, of course they would not do so, but they could do so.

2353. Lord *Rayleigh*.] Without assigning any reason whatever?  
Without assigning any reason whatever.

The Witness is directed to withdraw.

The Honourable REGINALD BROUGHAM, is called in; and Examined,  
as follows:

2354. Lord *Rayleigh*.] You are an Associate Member of the Institute of Civil Engineers, a Member of the Institute of Telegraph Engineers, and you are practising as a Consulting Engineer?

Yes, I am.

2355. And you have given considerable attention to the matter of electricity of late years?

Yes, I have.

2356. Did you hear Sir Frederick Bramwell state at the commencement of his evidence that, so far as he knew, there were no material changes in the method of developing electricity or distributing electricity since the year 1882?

Yes, I heard him make that statement.

2357. Do you think that that was entirely correct, or can you from your own knowledge, state any material advances which have been made since that time?

I should say that the inventions that have been produced since 1882 were, if possible, more important than those that were prior to that date as regards the ease with which electricity can be taken to a distance and distributed with economy.

2358. Could

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Hon. R. BROUGHAM.

[Continued.]

2358. Could you give the Committee any details as to the methods by which that could be carried out?

The most important point is the invention of transformers, which enable the current to be supplied from an almost unlimited distance, that is to say, from any practical distance, anything up to five or six miles, which before the year 1882 was an absolute impossibility as regards general distribution. You could unite a few individual arc lights at a great distance, but when it came to spreading thousands of incandescent lights over an area of anything more than, say, a quarter of a mile square, the thing was an impossibility; it was utterly impracticable. Now, by means of transformers, you erect a small wire which can carry a sufficient current for a very large area. The cost of your conductors is, I should say roughly speaking, about one-sixtieth of what it was in those days. I have a drawing here, if the Committee would like to see it, showing the comparative sizes (*producing a diagram*).

2359. Would you describe what you mean by a transformer?

A transformer is a piece of apparatus which receives the electric current in a particular form in which, if I may use the word, it is very portable, and transforms it into electricity of a nature that is less portable, but better fitted for illuminating purposes.

2360. This portable electricity can be transmitted to a considerable distance without great loss, can it not?

That is so.

2361. Under the old system it could not be carried to any great distance?

That is so.

2362. Would there be a considerable difference between the size of what may be called the mains in the old system, and the modern system?

There would be a very great difference. In this diagram the large section represents the  $3\frac{1}{4}$  inch main that Sir Frederick Bramwell spoke of as being necessary for supplying a radius of a quarter of a mile; the smaller one represents a wire that will enable 9,000 16-candle lamps to be lighted at a distance of eight miles from the generating station. You will observe that the weight of the one wire is  $1\frac{1}{2}$  tons per mile, and the other 80 tons per mile.

2363. What potential would you contemplate for those mains?

In order to get 9,000 lamps out of the small main, you would require a potential of 5,000 volts.

2364. In the old system I believe that not more than a certain number of houses could be worked on a go-and-return main?

That is so.

2365. So that supposing you had 100 houses to light, you perhaps would not be able to light more than 10 houses with each main; therefore you would want 10 sets of mains, as I understand?

That would rather depend upon the way in which the houses were situated as regards the central station.

2366. In olden days you would not be able to work the whole series off one single main?

No, you would not.

2367. But now I believe that is possible?

That is quite possible now.

2368. Supposing that you extended the number of houses which you wished to light, what was the method that was required in old days?

You would have had to increase the number of your mains right away from the generating station, and you would have to increase the area of those mains to a very large extent, because you would have to take into consideration the extra distance to which you were going to carry the current.

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[Continued.]

2369. Lord *Ashford*.] The sectional area?  
The sectional area.

2370. Lord *Wigan*.] Would that be the case at present with the new ideas?

No, that would not be the case at present. Supposing that you had a district, say, a mile long, that you were supplying, and supposing that you had a sudden call upon your resources to supply a district a further mile long at the other end from the generating station, you would, of course, have to increase the size of your main, but not in anything like the proportion that you would have had to increase it in under the old system, because the distance to which you have to carry it bears such a small proportion to the size of the main compared to what it bore under the old system.

2371. There has been a good deal said in this Committee as to the price at which the light can be supplied to the public; do you think that it is possible in any way to lay down a definite price that should be fair to all in all places?

I think that the price to be fixed per unit should depend in every case upon the special circumstances attending such a case. What would be a high price per unit in one place would be an exceedingly low one in another, and *vice versa*.

2372. Therefore, from that I gather that, if you were given a plant, you could tell how much a certain light could be produced at, that is to say, the cost in your engine room, irrespective of any question of interest on capital or the number of consumers that you may have upon your circuit?

That could be done.

2373. The question of how much it is to be sold for must depend upon what you have to make for your annual return, in fact, how much you would have at first to put away to pay your expenses?

That is so; and further, of course, the standard of price ought to be based at all events upon the probable number of lamps for which you will receive payment, as in the statement which Mr. Crompton handed in, there was an enormous difference in the cost of production between the 100,000 unit plant and the 5,000,000 plant. That would apply under the transformer system equally, though not to quite such a large extent as under the old system on account of the difference in the mains.

2374. Do you look forward in the future to anything that is likely to reduce the price to the producer, and therefore to the consumer?

Yes. I think it was Professor Forbes who stated in his evidence that the only way in which he expected to see the price to the consumer reduced was through the manufacturers being able to produce the actual lamp cheaper than they do at present; but I do not think he considered sufficiently the possibility that a more economical lamp, a lamp that would take less power to give a certain light (which certainly seems to me a possibility) might be invented. I think it possible that a lamp might be invented which would produce more light for a given amount of energy consumed upon it; or in other words, to put it plainly, a lamp that would give a greater return for what you put into it in the form of light.

2375. You mean that the waste of energy put into a lamp would be reduced?

I think it is only reasonable to suppose that we shall get a more efficient lamp in the course of the next few years than we have at present.

2376. Of course there are certain dangers which are considered to be inseparable from all electrical undertakings; you have considered those dangers have you not?

Yes, very carefully.

2377. I suppose

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2377. I suppose that they may be practically put under three heads, that of breakage, that of fire, and that of danger to life, for electrical reasons?

Those would be the three most important heads.

2378. As regards the questions of breakage, it has been confessed that there might be a danger to the public by having wires overhead; what do you consider is necessary to guard against that?

When it is determined to erect overhead wires, the first thing to be considered is that under no probable or hardly possible circumstances should the wire break by its own weight, or by wind or snow, or anything that might happen to it. That is easily guarded against by taking a very large factor of safety, if that is not too technical a term.

2379. Will you explain a little more in detail what you mean?

I can give you some figures about it. The small wire, as shown upon that drawing, weighs just about  $1\frac{1}{2}$  tons per mile; a good many miles of that has been put up with an average span of about 70 yards. That wire is suspended upon a steel bearer whose tensile strength is  $1\frac{1}{2}$  tons. It is so arranged according to the droop of the cable, or the versed sine, as it is technically called, that the strain upon that bearer never exceeds 225 lbs. It follows that we have under these circumstances a factor of safety of nearly 12, which is a very high one.

2380. Practically it means that it would take  $1\frac{1}{2}$  tons to break what you only strain to the extent of 225 lbs.?

Yes.

2381. Therefore you think that that would be practically safe, and that there would be no danger from breakage?

I should think it scarcely possible that the wires could come down.

2382. Then as to the question of fire; questions were put the other day implying the idea that there was great danger of fire arising from the installations; can you say how this risk can be avoided?

An arrangement can be placed in the engine room so that if the wire should break or the current get interrupted for only a fraction of a second, the machine producing that current stops working; and, in fact, I may say further, that any body who had a valuable dynamo in their engine-room would certainly put up an apparatus of this sort, because if the wires were to break suddenly and the current were interrupted, the back flow of the current would be almost certain to damage the machine to the extent of many hundreds of pounds; so that they would put it up to serve their own interests, let alone the people who might be killed, or the houses that might be set on fire through the breaking of the wire.

2383. Lord *Ashford*.] That presupposes a current of enormous voltage in the wire, does it not?

Not necessarily.

2384. Dealing with a current of 200 volts under the Bill of 1882, you would not anticipate any great danger from that?

No; I thought you meant the danger from fire. There would not be much danger to be anticipated from low tension currents of that sort.

2385. Lord *Wigan*.] Supposing that you got your current brought along your mains, and delivered, as we may say, in the area of your house, what protection have you against fire as soon as you come into the house?

You have a fusible cut out on each pole, so that in the case of any excess of current from any cause coming along the wire, these cut-outs would be immediately fused, and all connection between that house and the supply main immediately cease.

2386. That being so, when it has passed the fusible cut-out it enters the  
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[ *Continued.*

house and proceeds to what we call the secondary generator, or the transformer, does it not?

It does.

2387. Then it goes from that through the system of wires spread through the house?

That is so.

2388. Are they laid in any special manner with regard to the safety of the individual life, or the safety of the house from fire?

The wire ought always to be laid under the rules for fire drawn up by the Phoenix Fire Office, or else they ought to be inspected by some competent engineer during the time they are being put up.

2389. There is a means known in the commercial world, is there not, whereby these wires may be laid with the minimum of danger?

Certainly.

2390. And those are embodied, as I understand, in certain rules which have been drawn up by a committee of the chief fire offices of this country?

That is so.

2391. And they are known under the name of the Phoenix Rules, I believe?

Those particular rules are.

2392. The only other danger that there may be in making use of these wires would be on the ground of interference with the other wires of the Postmaster General; I understand that it is acknowledged by the committee that it is possible to get over that by the duplication of cables; that is the case, I believe?

That is the case. The duplication of the cables entirely removes any ill effects that may have been experienced through induction.

2393. Have you heard within the last few days of any other way of getting rid of induction in telephone wires?

Yes, this was given me from the Paris Post Office the other day (*producing a wire*). It is a new form of wire which they are putting up very largely now; it has been practically adopted by the French Government for the purpose of getting over the induction in telephones; and they have made some very exhaustive experiments, such as leading these wires in the same tube with a high tension alternating current; it is not duplicate, of course, and the result is that there is no induction at all perceptible in that wire, there is none produced.

2394. *Chairman.*] What is the principle?

The principle is in the dielectric.

2395. Lord *Wigan.*] So far as I understand it, the insulating material is wood steeped in parafine in short sections and not continuous?

Yes. I may say that the adoption of such wire would be no check commercially, because they can produce that wire at a cheaper rate than with the ordinary india-rubber insulation.

2396. There is no difficulty in any company desiring to erect electric works conforming to any requisition of the Board of Trade or of the Postmaster General in so far as safety to human life is concerned, or to the existing works of the Postmaster General?

No, there is no difficulty with the present knowledge in conforming to all those requirements.

2397. Is there any other question upon which you would wish to say anything?

There is nothing else that I can think of at the moment.

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2398. Lord *Rayleigh*.] May I ask whether you yourself have experience of the possibility of completely stopping the inductive nuisance, if I may call it so, by the use of a duplicated return wire?

Yes; I have had considerable experience of that.

2399. And you think that the remedy is almost absolute?

It is absolute. I have a practical proof of it over about seven miles where there was a most serious nuisance being caused through induction, and it was absolutely stopped.

2400. Could you give the Committee any idea of the amount of loss in these transformers or secondary generators themselves?

I made some very careful experiments some time ago, and I find that I can get from 94 to 95 per cent. of efficiency out of the latest type of transformer, which loss, I may say, is infinitely less than would have been experienced in the leads under the old system. Besides, there is another thing that I might call your attention to. Under the old system it was impossible to distribute over a large area, except by being obliged to have recourse to all sorts of complicated arrangements, such as return wires, with volt meters to keep up the potential in various portions of the line. Now, of course, that is all done away with, because that variation which was caused under the old system was due to the proportion that the work done in that line bore to the whole amount of work that was produced by the installation. Now, that proportion being so small, the variation follows that proportion entirely.

2401. The difficulty of maintaining an uniform effect at the different parts of the main conductor is much less on the new system than it is on the old, is it not?

Yes, it is.

2402. Earl *Cowper*.] With regard to the mechanical arrangements that would be necessary, I suppose there is practically no limit, or hardly any limit, to the number of electric wires which might be put up across our streets. Would the first company that started its wires and occupied the ground, have a monopoly and prevent others coming over the same district?

I should say certainly not. It would, of course, be in possession.

2403. But there would be plenty of space for other wires alongside or across?

Plenty, I should say.

2404. Lord *Bramwell*.] I collect from your evidence that a smaller price might now be adequate for remuneration than would have been necessary in the state of knowledge in the year 1882?

That is so.

2405. *Chairman*.] Are you very confident upon that point?

Taking everything else as remaining in the same state as in the year 1882, we now have an enormous diminution in the prime cost of our mains, which was stated in the evidence to be a very heavy portion of the prime cost of installation; so that there is always that saving.

2406. Lord *Ashford*.] I do not think that the Committee are quite in possession of what a transformer is; would you describe it in its simplest form?

You put a high tension current round a coil of wire; in close proximity to that coil of wire there is a second coil of wire which is very carefully electrically insulated from it. These coils are wound round an iron core which, under the influence of the first, which is called the primary high tension current, becomes magnetic, and a current is induced in the secondary coil of wire which is of the same ultimate strength, if I may so put it, as the primary current, but differently constituted. Its constitution depends upon the relation that the number of turns in the secondary coil bears to the number of turns in the primary coil, or

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in other words, the variation in its composition is dependent upon the proportions that the length of the one coil bears to the length of the other ; a perfectly simple thing to calculate. It is a very difficult thing to describe without going into technicalities.

2407. You said that you could now convey electricity for a very much longer distance than was formerly possible ; by the system with which you are acquainted, and of which you now speak, are you not deriving electricity in a foreign country from a source several miles distant ?

Yes, there are places abroad where they are utilising electricity at a distance of many miles from the seat of production ; for instance, at Turin it was something like 60 English miles away from the centre of production.

2408. You talked afterwards as if the addition of a second mile of wire to your conductors would make you change your whole system ; I thought probably that you did not actually mean that a second mile would do it ?

No, that mile was simply figurative ; it may have been 10 miles or 20 miles ; it was a unit.

2409. The addition of one mile more to the small wire that you have here would not necessitate your beginning again from the very beginning ?

The point is this : that although that wire would in itself be sufficiently large to take a given quantity of electricity any distance, it would not be sufficiently large to take double that quantity of electricity the same distance.

2410. The current that you employ is, I think, a current of 5,000 volts ?

That was the quantity that I estimated would produce 9,000 lamps with that section of wire. As a matter of fact, that wire is only receiving a potential of half that strength, namely, 2,500 volts.

2411. The Act of 1882 prescribes a maximum current of 200 volts, does it not ?

Yes.

2412. That, of course, would prevent your coming under the Act of 1882 ?

Not at all ; I should put the transformers outside my house, and transform my current down to 100 volts, and take it in at that.

2413. If you were forced by the Government Bill to obtain a Provisional Order, and then the terms of the Provisional Order were that no current of greater potential than 200 volts was to go into a house, you with your 2,500 volts would have to stop outside ; but it appears that you do not mind that ?

We should rather like it than otherwise.

2414. Lord *Wigan*.] Is it not the case that 5,000 volts have been contemplated in the Provisional Order for the purpose of charging secondary batteries ?

I believe so.

2415. So that they have already sanctioned the idea ?

I have heard it said, but I do not know it of my own knowledge.

2416. Lord *Ashford*.] You say that the weight of the small wire which you have here is  $1\frac{1}{2}$  tons per mile, and these are overhead wires ?

They are.

2417. At Question 1989, on the 19th of May, I asked Mr. Preece what was the weight per mile of ordinary telegraph wire, and he answered 30 lbs. The reason I asked him that question was to find out what danger there was from the breaking of overhead wires. He said that the wires of the Post Office were so light that it was like a fishing line falling across your face. If your wire weighs  $1\frac{1}{2}$  tons per mile, that would introduce some modification into that answer, would it not ?

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In the case of the Post Office wires, they are self-supporting; they are not run upon a bearer; but in the case of that wire which is now before you, the wire itself is amply strong enough to keep in position; nevertheless, as an extra precaution, it is slung at a distance of every yard upon a steel bearer, which, as I have already said, is capable of bearing 12 times the strain that is put upon it. It would be unlikely that both the steel-bearer and the main cable should break at the same instant; and if either should break, it would not matter, because the other would remain in position, and sustain the broken wire.

2418. Have you no long stretches across streets either at right angles or diagonally?

The longest span that we have in London now is 112 yards, but that is an exceptional one; the others average 70 yards each.

2419. Lord *Wigan*.] Do you cross streets as nearly as possible at right angles, or are you in the habit of crossing them diagonally?

We always cross the streets as nearly at a right angle as possible.

2420. Lord *Ashford*.] Is that in order to avoid the mechanical danger of breakage?

Partly with that object, and partly so that the work shall be done in the best possible manner. It is of course a great deal safer to cross at right angles, and we have always done it if it can be done.

2421. When your current comes to a house, you take it in with a fusible cut-out; that fusible cut-out is prescribed, is it not, by the insurance offices?

The insurance offices up to the present date have not contemplated the introduction of these transformers, they treat them as a dynamo.

2422. But I think that before a current is taken either by a transformer or by any other means into a house, it has to pass through a fusible cut-out, has it not?

According to the fire office rules it has.

2423. Therefore in whatever way a house was supplied, whether by your method or by any other method, there would be a fusible cut-out at the entrance of the electricity into that house?

Yes.

2424. And when once it is inside the house it matters not by what means the electricity has been generated; it is protected under the rules of the Sun Fire Office and certain regulations which they have laid down, is it not?

It is protected in that way.

2425. And the houses which are supplied by you are not differently treated by the Sun Fire Office and their inspectors than houses supplied with electricity from any other source?

They have not been differently treated up to now, and I do not see any prospect of their being differently treated. We have had no difficulty with them at present, and I see no reason why we should anticipate such a difficulty.

2426. You said that you anticipated the possibility of having considerably more efficient lamps. My noble friend, Lord Crawford, called attention, I think, at the last meeting of the Committee, to a decision which had been given about the Edison lamps, which decision, if supported, would apparently throw the whole manufacture of the lamps into one existing company, would it not?

So far as I can understand by reading the newspaper reports, that would be so; I have no other information.

2427. But in that case the improvement in the efficiency of the lamp would depend upon the will of that one company, would it not, electrically speaking?

It would appear to do so, certainly.

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2428. Lord *Lingen*.] Did I correctly understand you to say that the chief saving would be in land, owing to those inventions that you have been speaking of?

No, I did not say that the saving would be in land, but it is quite certain that there would be a great saving in land, because you could now put the generating station upon cheap land, whereas under the old system you would be obliged to have it more or less in the centre of your district, where presumably land would be more expensive than in an outlying district

2429. Would the main saving then be in the reduction of the number of central stations, owing to the increase of the area that you are able to serve?

That would be one saving. Another saving would be in the reduced cost of the mains.

2430. Should you be able to give any general answer to a question of this sort: Where you had to spend 100 *l.* in lighting a district before these inventions, how much less do you think you would have to spend, taking an average, now?

I could not give you that without working it out; I should not like to trust myself to figures without working them out first.

2431. But you think you would have to spend considerably less?

It would be very considerably less.

2432. Would it extend so far as materially to alter the power of competing with gas at present?

It would tend in that direction without doubt.

2433. But you could not say whether at present it had reached a point that would seriously affect the power of competing with gas?

I can speak from experience to a certain extent; that in a case which has come under my own knowledge the cost of production has been considerably reduced from what it would have been estimated to have been under the old direct system.

2434. Lord *Rayleigh*.] The advantage, as I understand of the transformer, is that it enables you to supply electricity at a distance from your generating station at something like the same cost as under the old system in the immediate neighbourhood of the generating station?

Yes.

2435. And that is the main advantage of the new system?

The main advantage of the new system that I am speaking about would be that you could put your main generating station in a cheap part; you could get on to the river where you could use condensing water and so forth. You could then run your supply mains round the area proposed to be lighted, and have transforming stations at various points in a circle of 300 or 400 yards, feeding that circle of 300 or 400 yards by means of the old arrangement.

2436. Lord *Bramwell*.] Why was the Turin generating station so far distant from the area supplied; did they use water power?

No, it was at the Exhibition; it was for the purpose of demonstrating the system. They had the generating station at the Exhibition, and they had one or two stations on the line, at a specified distance. It was merely for that purpose.

The Witness is directed to withdraw.

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Mr. JAMES NELSON SHOOLBRED, is called in ; and Examined,  
as follows :

2437. Lord *Ashford*.] You are a Member of the Institution of Civil Engineers, and also of the Society of Telegraph Engineers and Electricians, are you not ?

Yes.

2438. And for the last seven years you have devoted much attention and time, I think, to the subject of electric lighting ?

Yes.

2439. And you have designed and superintended the carrying out of several installations of electric lighting of a public and private character ?

Yes.

2440. Amongst those, the lighting of a portion of the streets for the corporation of Norwich, and of the works of the Forth Bridge ?

Yes.

2441. Those works for corporations in which you have been concerned are under Provisional Orders, I presume ?

The one which your Lordship indicated took place before the Act of 1882.

2442. In 1882 you were consulted by several corporations and local authorities, some of which you assisted in obtaining Provisional Orders ?

I did.

2443. Are any of those Provisional Orders now in operation ?

They are not in operation in the sense intended by the Act, that is to say, as generating stations for distributing electricity for lighting purposes to the public. Some corporations have lighted premises of their own, but I am not aware of any case where the corporations have succeeded in distributing electricity for lighting purposes.

2444. But were the Provisional Orders, which seem all to have dropped, from financial or from other reasons ?

The corporations have not dropped their Provisional Orders ; those are all in force still, and attempts are being made and have been made within the last few months by some of the corporations for whom I am engaged to give effect to some of those Provisional Orders, not merely for their own buildings, but for the purpose of distributing light to the public. They have not hitherto succeeded in doing so, and in many cases we have certainly met with additional difficulty by not being able to find contractors at present who would be willing to undertake the lighting for us.

2445. *Chairman*.] To what do you ascribe the failure ?

It can hardly be called a failure ; it is a postponement of the lighting on the part of some of those corporations by a failure to find undertakers in consequence of the difficulties of Clause 27 of the Act of 1882. They would have to lay out a large sum of money, and they do not like the Purchase Clause.

2446. In point of fact you attribute the non-carrying out of those Provisional Orders very much to the Act of 1882 ?

Undoubtedly ; the non-appearance of persons to help the corporations at the present moment. We have found difficulties, I know, practically.

2447. Lord *Bramwell*.] Have the corporations had to borrow money upon the enterprise, or upon their funds generally ?

I was saying that on several occasions where attempts have been made by corporations to give effect to some of their Provisional Orders in certain portions

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[Continued.]

of their towns, some of the difficulties have arisen from the fact that contractors to carry out that lighting have not been forthcoming. I was asked by the Chairman to what I considered the difficulty was to be ascribed, and I answered that I think that some of those corporations have found a difficulty in consequence of the Act of 1882.

2448. They do not borrow upon their general credit?

That is a different matter altogether; that is to pay the contractors.

2449. If they borrowed upon their general credit they would not care whether the thing was a failure or not. They want persons to be undertakers themselves?

They have not found persons at all willing to come forward so far.

2450. Lord *Ashford*.] Under a Provisional Order when obtained, certain moneys have to be deposited, and certain works have to be commenced within a given time; is not that so?

I think the deposit of money is only in the case of companies; they have to deposit a certain amount within six months.

2451. But where corporations are themselves undertakers they have not to deposit money?

They have not to deposit money.

2452. Are corporations exempt also from the necessity of commencing the works within a given time?

I think they are bound within two years to lay down certain mains within the area selected, the first area called Schedule A.

2453. You have been consulting engineer for a great many corporations, have you not?

For a great number; I think the term expired last August.

2454. Has sufficient been done under those Provisional Orders to keep the orders alive?

As I understand from the Board of Trade officers, the Orders have not lapsed in the case of any of the corporations.

2455. Is that because the Board of Trade has omitted to put in force the terminating period, or is it that the corporations have performed sufficient work to keep the Orders alive?

I understood from some of the officers of the Board of Trade that they did not consider generally that the period of probation, as it were, within which they were to construct their works had expired; and furthermore, with regard to what your Lordship said, I think, speaking merely from hearsay, that certain corporations have modified the term.

2456. You have given considerable attention, I think, to the comparison of the standard used for the sale of gas with that proposed for the sale of electricity?

I had occasion to turn my attention to it at the time of the granting of the Orders.

2457. I think you have written papers on the subject, which you have submitted to the Society of Arts and other institutions, have you not?

Yes.

2458. The unit of gas is 1,000 cubic feet, is it not?

It is.

2459. Can you tell me what the illuminating power of a unit of gas is?

In most of the recent Acts of Parliament the quality required is to be such that an hourly consumption of five cubic feet would maintain a light of 15 standard candles. At that rate the value of 1,000 cubic feet would be 3,000 standard candles during one hour.

2460. So

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2460. So that the illuminating power of one cubic foot is equal to three candles?

Yes.

2461. The standard of electricity is 1,000 watts, as it is termed for convenience sake?

In the original Provisional Orders the two factors of volt-ampères were made use of.

2462. But the volt-ampère is the same as the watt?

Yes.

2463. The unit of electricity, therefore, is 1,000 watts or volt-ampères per hour?

Yes.

2464. Can you tell me what the illuminating power of 1,000 watts is; first of all, what is the energy employed in 1,000 watts?

The word "watt," of course, describes the amount of energy, and that is equivalent to  $1\frac{1}{3}$ -horse power of energy.

2465. How many lamps of 15-candle power would  $1\frac{1}{3}$ -horse power maintain for an hour?

Speaking of the ordinary form of incandescent lamps, which are generally sold to consume at the rate of 60 watts of energy each, it is equivalent to about 18 lamps of 15 candles per hour.

2466. Then a unit of electricity, 1,000 volt-ampères, is equal to about 280 candles for one hour?

It is about that.

2467. That is roughly about equal to the illuminating power of one-tenth of the gas unit, is it not?

Yes, 3,000 standard candles for the gas unit as against 300 candles we may roughly say for the electrical unit.

2468. Then if you take the electrical unit to be fixed, as it is in some Provisional Order at 7 *d.*, what would be the equivalent of price of the same illuminating power in gas?

Sevenpence was a very common figure mentioned in many of the Provisional Orders, and taking it at that, of course the gas would stand at 70 *d.*, or you may call it 6 *s.*; but that would represent the value of the whole of the results of the consumption of the coal.

2469. In point of fact, if you took the gas at 3 *s.* 6 *d.*, what you would have to do would be to reduce that into pence; that would be 42 *d.*, and one-tenth of that would be 4 *d.*, so that 4 *d.* would be the equivalent value to the electrical unit at 7 *d.*, would it not?

No; because 4 *s.* 6 *d.* is simply the value of the gas products of the carburization of the coal; you must add the residual products as well to get at the total value. We have arrived at 6 *s.* as the value to be allowed for the total products from the carburization of the coal; that would of course include the residual products, as well as the gas products; and from actual sales of very large quantities of gas, extending over several years, the sales of residual products generally represent from one-fourth to one-third of the total value of the coal so destroyed. Supposing that 1 *s.* 6 *d.* was deducted from the 6 *s.* as the value of the products, it would leave the net value of the illuminating products, which we call coal gas, at 4 *s.* 6 *d.*; 4 *s.* 6 *d.* being not far from the maximum limit which is placed in many of the more modern gas Orders, which is 4 *s.* per 1,000 cubic feet.

2470. But if you want a rough and ready rule for comparing the illuminating power of the electrical unit with the gas unit, if you take the unit of electricity as being one-tenth of that of gas, and compare the two prices, you will arrive at something like a rough result.

(92.)

M M

But

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Mr. SHOOLBRED.

[Continued.]

But you must bear in mind that the residual products are included in that. It is the relative value of the two amounts of coal that are used.

2471. After having made that rough calculation you must allow for the residual products?

It seems to me only fair that you should do so. In the production of electricity you destroy everything for the sake of the electricity. In the production of gas you have the residual products in addition, which increase your total by 25 per cent.

2472. That goes to diminish the actual price of the unit of electricity?  
Yes.

2473. That is to say, it makes the unit of electricity compare more favourably than it otherwise would compare with the price of gas?

It does if you do not take those residual products into consideration, because the maximum price of gas as allowed by Parliament means that price plus what you can get for your residual products as representing the total value of the carburization of that amount of coal.

2474. What is the average rate of production of gas per ton of coal?

From an ordinary admixture, with not a very large amount of cannel coal, about 10,000 cubic feet per ton.

2475. Then 1,000 cubic feet would require one-tenth of that quantity, or 2 cwt. of coal?

Yes.

2476. What amount of coal would you require per indicated horse-power to produce electricity?

The engines that have been used so far for the production of electricity have not been of a very economical type, and one might say, perhaps, that about 6 lbs. per indicated horse-power per hour would not be a very economical rate, but if we put it at that we might say that 10 lbs. of coal would produce a horse-power and a third, which is the electrical unit. So that you would conveniently compare 100 lbs. in the case of electricity with, we will say, 200 lbs. in the case of gas.

2477. Then only one-half the amount of coal is required to produce the electric light that is required to produce an equivalent lighting power of gas?

It requires just one-half the amount of coal to produce electricity that it requires to produce gas. The remark that was made by a former witness, Mr. Preece, showed that coal gas was not an economical production, because he stated in answer to Lord Rayleigh, that if that gas was burnt in a gas engine he could produce double the amount of light that he produced by consuming it direct at the burners as an illuminant.

2478. Then you consider the electric light an economical illuminant in itself?

*Per se* it is an economical illuminant.

2479. Because it only requires half the amount of coal for its production?  
That is one reason, certainly.

2480. To what then do you attribute the greater apparent cost of the electrical illuminant?

Generally speaking, the comparisons have been made on a very different rate of production. The electric light has been compared, when produced upon a very small scale, with a very large production of gas on a commercial scale. For instance, only the other day I had occasion myself to notice a statement with regard to the Mersey Tunnel, which was opened a short time ago. It was stated that the lighting of the stations of that railway by electricity would have cost three times as much as it actually did cost to light them by gas, and that therefore the directors preferred the gas. In that case it was a matter of laying down a special generating plant to provide 200 lights for those stations, as against merely drawing

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Mr. SHOOLBRED.

[Continued.]

drawing the gas from the Liverpool mains, which were supplying about 3,000,000 lights. There could be no fair comparison instituted between the special production of 200 lights and the supply from a general production of 3,000,000 lights.

2481. Then you differ from those who say that the electric light is merely a light of luxury?

That expression has been used here, I think, by several witnesses, and, amongst others, by Sir Frederick Bramwell, not in any way as applied to the light altogether, but because in the present circumstances of the law it becomes a light of luxury for those who could afford to lay down special installations in their houses. That it is not a light of luxury is proved by the number of incandescent lights, not to speak of arc lights, that exist in essentially commercial establishments and industrial works over the country, and, subject to the keen competition of commerce, where the new light holds its own against gas light.

2482. Are you aware, from your own knowledge, of any industrial works subject, as you say, to keen competition, where the electric light is used in the incandescent form as well as in the arc-light form?

I am aware of a very large number of various industries that exist about the country in cotton, wool, and silk weaving, and corn and dye works, and lace and hosiery, and a number of other mills. In one case I myself have been acting as consulting engineer in an industry; I need not mention names, but it is a very large establishment in the East-end of London. The trade is the sugar trade, and in the present state of commerce we know there is no money to be thrown away in sugar manufacture. The works employ a thousand hands. Some three years ago they commenced with about 200 incandescent lights, and those have been just added to to the extent of 600, the intention being to supersede gas altogether. Furthermore, the same firm have a similar large establishment in the north of England, and so satisfied are they with the commercial value of the light that they have introduced it there to the extent of 600 lights, likewise doing away with gas. In both cases the gas supplied by the ordinary private companies was less than 3 s. per 1,000 cubic feet.

2483. Then I gather that, in your own experience, you know of instances in which the electric light in its incandescent form compares favourably with gas?

Even in its incandescent form. I have excluded arc lights, because we know that for large foundries and places of that description arc lights are a notable and admitted advantage.

2484. Lord *Balfour of Burley*.] Did I correctly understand you to say that the corporations for whom you were concerned were themselves undertaking electric lighting?

No, I do not think I said that they were undertaking it themselves; they have Provisional Orders.

2485. I did not mean that they were actually working it by their own workmen, but that they were engaging contractors to carry it out under their own directions; was that what you said?

Not merely the corporations with which I have had to do, but others that I have been duly informed of, have attempted to do so, but they have not succeeded in making arrangements to do it.

2486. You are aware that most of the evidence that we have had before this Committee has related to companies who wished to introduce their own works within the areas of municipalities?

Yes, most of the evidence that I have heard.

2487. But the cases that you represent differ from those, inasmuch as the originating parties are the municipalities themselves, who seek to find contractor's to carry out their works?

Your Lordship used the word "represent"; I am not representing any bodies

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Mr. SHOOLBRED.

[Continued.]

bodies ; but some of those of which I speak are gas owning corporations, and others are non-gas owning corporations. They have attempted in some few cases to do something towards carrying out the lighting, and they have not been successful so far in finding persons willing to undertake, at first, at all events, the electric lighting works. Of course it would be ultimately under their own control.

2488. But I am right in understanding that you speak of corporations who are themselves originating electrical lighting ?

Yes.

2489. Most of the other witnesses, you are aware, have been speaking of companies as the originating parties, and have been more or less correctly representing the municipalities as somewhat adverse powers ?

The scientific witnesses at the beginning of the evidence, I think, represented the interests of companies.

2490. I only want to be quite clear upon this, you are speaking of municipalities as the originating power, whereas we have been speaking of the companies as the originating power ?

I am speaking of cases where the municipalities themselves have taken certain steps.

2491. Lord *Bramwell*.] I am afraid I have not understood you. Taking all the costs, and making a deduction for residuals in the case of gas lighting, do I understand you to say that a certain amount of light can be produced more cheaply by electricity than by gas, taking into account not merely the coal, but all the other expenses, including the glass, or what not, which holds the light, you must of course give the gas the benefit of the residual ?

The actual transformation of coal into the electric light by being consumed in the furnace is a cheaper process than the carburisation, turning it into illuminating gas.

2492. That may be an answer to my question, though not in terms. You have got to take pipes into account in the case of gas, and wires in the case of electricity. What distance are you to carry it ?

I included, of course, in my answer all the apparatus and plant, and the working expenses of the two systems ; we were then talking about the cheapness of one and the other.

2493. Can you deliver a given amount of light more cheaply by electricity than you can by gas ?

If you take equal rates of manufactures, say, or 1,000,000 15-candle burners to be supplied, either in the form of gas or by electricity, I should say without hesitation that you could supply that 1,000,000 more cheaply by electricity than by gas.

2494. Take a quarter-of-a-mile square ; could you do so ?

I should say so, so that the rate of production is the same ; and that there is not the great disparity that usually exists, such as when the comparison is made between 200 electric lights and 2,000,000 or 3,000,000 gas jets. I am somewhat fortified in that opinion by the opinion of well-known gas engineers. It is a mere consideration of the amount of capital invested, and the working expenses relative to the two systems. I should think it will be apparent that there is less capital invested in a steam engine and the necessary boilers, and less workmen employed upon them and upon the necessary wires than there is in the large amount of ground and retorts, and gas pipes, and gas holders and purifiers, and a large body of men working a large gas works.

2495. Lord *Wigan*.] With reference to that last question, you would rather put your answer in this light, that so far as you can produce the light in your engine room, you can produce it as cheaply as you can gas with a gas-holder ?

Yes, and not only that, but absolutely deliver it.

2496. That

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Mr. SHOOLBRED.

[ *Continued.* ]

2496. That is supposing you have the compulsory power of forcing people to take it every where, not considering the question of whether they might refuse you; that is supposing that the utilisation is to be universal?

Yes.

2467. If you are compelled to give it to everybody, everybody must be compelled to take it from you?

Yes, and at the same rate of production.

2468. If you are to be bound to supply to everybody you must not be left in the position that you are bound to be prepared to supply a very large quantity though the actual consumption may be a very small one?

I speak of the rate of consumption.

2499. It is purely a question of lamp hours?

Yes.

The Witness is directed to withdraw.

*Ordered,* That this Committee be adjourned to To-morrow, at Eleven o'clock.



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A P P E N D I X.

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## A P P E N D I X.

## APPENDIX A.

PAPERS handed in by Professor *Forbes*, 10 May 1886.

TABLE I.—CENTRAL STATION ELECTRIC LIGHTING IN EUROPE.

Place.	Number of Arc Lamps.	Number of Glow Lamps.	Place.	Number of Arc Lamps.	Number of Glow Lamps.
Aberfeld - - - -	9	120	Hermosand - - - -	—	—
Amsterdam - - - -	-	1,000	Lisle - - - - -	—	—
Antwerp - - - - -	-	6,000	Lucerne - - - - -	-	300
Bergen - - - - -	70	3,000	Madrid - - - - -	127	—
Berlin - - - - -	30	7,000	Milan - - - - -	-	10,000
Bremen - - - - -	82	630	Munich - - - - -	140	4,000
Chemnitz - - - - -	117	470	Palermo - - - - -	—	—
Crefeld - - - - -	69	1,200	Rome - - - - -	—	—
Dijon - - - - -	-	500	Rotterdam - - - -	-	1,000
Dresden - - - - -	62	446	Turin - - - - -	56	215
Gladburch - - - -	15	230	Vuzallo - - - - -	-	160
Hamburg - - - - -	80	1,400	Vienna - - - - -	-	12,000

TABLE II.—CENTRAL STATION LIGHTING IN THE UNITED STATES.

Place.	Number of Glow Lamps.	Number of Arc Lamps.	Place.	Number of Glow Lamps.	Number of Arc Lamps.
Adrian - - - - -	-	30	Indianapolis - - -	-	250
Atlantic City - - -	—	—	Kansas - - - - -	-	220
Baltimore - - - - -	-	226	La Fayette - - - -	-	60
Bangor - - - - -	-	114	Lowell - - - - -	—	—
Boston - - - - -	5,000	816	Manchester, N. H. -	-	100
Brockton - - - - -	3,100	—	Meadville - - - - -	—	—
Brooklyn - - - - -	-	400	Newark - - - - -	—	—
Buffalo - - - - -	-	300	New Orleans - - - -	-	113
Charlotte - - - - -	-	16	New York - - - - -	14,500	1,500
Chicago - - - - -	4,270	2,000	Ogden - - - - -	—	—
Cheyenne - - - - -	—	—	Ohio - - - - -	-	200
Cincinnati - - - -	-	500	Ornaha - - - - -	—	—
Cleveland - - - - -	-	300	Philadelphia - - - -	3,000	1,000
Crawfordville - - -	-	30	Providence - - - - -	-	200
Dallas - - - - -	—	—	Portland - - - - -	—	—
Devonport - - - - -	—	—	Rochester - - - - -	-	300
Denver - - - - -	-	303	Roselle - - - - -	1,200	—
Detroit - - - - -	-	406	Salt Lake City - - -	-	140
East Boston - - - -	-	300	Santiago - - - - -	2,000	—
Evanstown - - - - -	—	—	Shelton - - - - -	-	40
Fargo - - - - -	—	—	Springfield - - - -	—	—
Flint - - - - -	—	—	San José - - - - -	—	—
Fort Smith - - - - -	-	360	Utica - - - - -	-	54
Glen Falls - - - - -	—	—	Waterbury - - - - -	-	100
Great Rapids - - - -	-	150	Worcester - - - - -	-	150

## APPENDIX B (1).

PAPER handed in by Sir *F. J. Bramwell*, F.R.S., 12 May 1886.EDISON CENTRAL STATION ILLUMINATING COMPANIES IN THE  
UNITED STATES.—22 APRIL 1886.

No.	CITY or TOWN.	STATE.	Running or Not Running.	Capital.	Lamp Capacity.	Lamps Connected.
				<i>Dollars.</i>		
1	New York - - -	New York -	Running -	1,000,000	8,000	13,000
2	Lawrence - - -	Massachusetts -	- ditto -	65,000	3,200	4,000
3	Brockton - - -	- ditto -	- ditto -	65,000	3,200	2,750
4	Shamokin - - -	Pennsylvania -	- ditto -	50,000	3,200	4,000
5	Sunbury - - -	- ditto -	- ditto -	50,000	1,600	3,500
6	Fall River - - -	Massachusetts -	- ditto -	80,000	3,200	4,000
7	Newburgh - - -	New York -	- ditto -	45,000	3,200	4,000
8	Tiffin - - -	Ohio -	- ditto -	40,000	1,000	2,000
9	Hazleton - - -	Pennsylvania -	- ditto -	31,000	2,800	3,675
10	Williamsport - -	- ditto -	- ditto -	100,000	4,800	5,000
11	Mount Carmel - -	- ditto -	- ditto -	12,000	500	600
12	Middletown - - -	Ohio -	- ditto -	30,000	1,600	1,750
13	Piqua - - -	- ditto -	- ditto -	40,000	1,600	1,800
14	Belleville - - -	Pennsylvania -	- ditto -	34,000	1,200	1,600
15	Circleville - - -	Ohio -	- ditto -	55,000	2,700	2,000
16	Appleton - - -	Wisconsin -	- ditto -	50,000	1,600	1,600
17	Cumbersland - - -	Maryland -	- ditto -	65,000	1,600	2,200
18	Ashland - - -	Pennsylvania -	- ditto -	60,000	2,400	3,200
19	Des Moines - - -	Florida -	- ditto -	100,000	3,200	2,800
20	Harrisburgh - - -	Pennsylvania -	- ditto -	100,000	6,300	5,000
21	Lockport - - -	New York -	- ditto -	20,000	600	700
22	York - - -	Pennsylvania -	- ditto -	50,000	1,600	1,600
23	West Chester - - -	- ditto -	- ditto -	30,000	1,900	1,750
24	Tamaqua - - -	- ditto -	- ditto -	50,000	1,600	1,700
25	Mac Keesport - -	- ditto -	- ditto -	50,000	1,600	1,900
26	New Brunswick - -	New Jersey -	- ditto -	50,000	1,600	1,200
27	New Bedford - - -	Massachusetts -	- ditto -	50,000	1,600	1,600
28	Johnstown - - -	Pennsylvania -	- ditto -	40,000	1,000	1,200
29	Wilmington - - -	Delaware -	- ditto -	30,000	1,000	1,200
30	Reading - - -	Pennsylvania -	Not started -	50,000	1,600	—
31	Chester - - -	- ditto -	Running -	50,000	1,600	1,100
32	Lebanon - - -	- ditto -	- ditto -	40,000	1,000	1,400
33	Jackson - - -	Michigan -	Not started -	50,000	1,600	—
34	Erie - - -	Pennsylvania -	- ditto -	50,000	1,600	—
35	Boston - - -	Massachusetts -	Running -	100,000	2,300	1,900
36	Detroit - - -	Michigan -	Not started -	250,000	10,000	—
37	Atlantic City - -	New Jersey -	- ditto -	50,000	1,800	—
38	Topeka - - -	Kansas -	- ditto -	100,000	4,800	—
39	Amsterdam - - -	New York -	- ditto -	50,000	1,600	—
40	Wayne - - -	Pennsylvania -	- ditto -	25,000	800	—
41	Laramie - - -	Wyoming -	- ditto -	50,000	3,200	—
TOTAL - - -				3,307,000	100,800	85,725

Add, estimated number of lamps to be connected with  
stations now being erected - - -

41,700

TOTAL - - - 127,425

## NOTE.

The Capital of the New York Illuminating Company has just been increased to 2,500,000 dollars.

With this increased capital it is proposed to start three large additional stations in New York City, during the coming summer, two of which will be ready for operation in time for next fall's lighting season, the requisite real estate having already been purchased.

During the past winter our agents have been engaged in the preliminary work of organising upwards of 40 additional illuminating companies, 90 per cent. of which will certainly be closed during the coming summer.

## APPENDIX B (2).

PAPER handed in by Sir F. J. Bramwell.

THE LIST of Eight Provincial Corporations and Ten Provincial Companies making Gas in 1884, with the Gross Profit made by each per 1,000 Cubic Feet Sold.

	Amount.	Gross Profit per 1,000 Cubic Feet Sold.
<b>CORPORATIONS:</b>	£.	d.
Birmingham - - - - -	124,951	10·28
Bolton - - - - -	43,161	20·41
Halifax - - - - -	15,816	10·12
Leicester - - - - -	52,494	17·93
Manchester - - - - -	107,061	12·72
Nottingham - - - - -	70,860	14·81
Oldham - - - - -	38,180	14·20
Salford - - - - -	53,988	18·89
	506,511	13·50
<b>COMPANIES:</b>		
Bath - - - - -	8,999	6·79
Brighton - - - - -	42,145	15·07
Bristol - - - - -	41,296	9·36
Derby - - - - -	16,587	12·84
Liverpool - - - - -	90,230	8·39
Newcastle-upon-Tyne - - - - -	50,874	10·87
Plymouth - - - - -	11,829	7·42
Portsea - - - - -	25,823	13·93
Preston - - - - -	23,763	15·71
Sheffield - - - - -	62,828	12·03
	374,374	10·56

Extracted from "Field's Analysis" for the year 1884. Page 14—7.

## APPENDIX C.

PAPER handed in by Mr. *Rookes E. Crompton*, 17 May 1886.

COMPARATIVE STATEMENTS showing the Percentage of the Cost of Establishment and other fixed Charges, as compared with the Cost of Manufacture pure and simple.

## A.—100,000 UNIT PLANT.

Maximum number of 16-candle lamps to be lighted at one time	-	-	-	1,700
Price per unit	-	-	-	8 d.
Price per 16-candle lamp per hour	-	-	-	48 d.
<hr/>				
Cost of MANUFACTURE.—Coal, oil, &c.	-	-	£.	Percentage of
Wages	-	-	300	Total Cost.
	-	-	325	—
			625	26·5 per cent.
Cost of MAINTENANCE of works, buildings, 5 per cent.		50		
15 per cent. on machinery, storage, plant, &c.		525		
7½ per cent. on mains, distributing plant		510		
			1,085	46·0 per cent.
Cost of MANAGEMENT.—Manager and clerks' salaries, &c.		500	500	21·0 per cent.
Rates and taxes, 4½ per cent. on gross income		162	162	6·5 per cent.
Available for sinking fund and for distribution as profit equal to 10 per cent. on 9,600.	-	-	961	—
One hundred thousand units at 8 d.	-	-	£.	3,333

## B.—5,000,000 UNIT PLANT.

Maximum number of 16-candle lamps to be lighted at one time	-	-	-	570,000
Price per unit	-	-	-	4·8 d.
Price per 16-candle lamp per hour	-	-	-	287 d.
<hr/>				
Cost of MANUFACTURE.—Coal, oil, &c.	-	-	£.	Percentage of
Wages	-	-	12,980	Total Cost.
	-	-	8,840	—
			21,820	36·6 per cent.
Cost of MAINTENANCE of works, buildings, 5 per cent.		2,200		
15 per cent. on machinery, storage, plant, &c.		19,000		
7½ per cent. on mains, distributing plant, &c.		8,550		
			29,750	49·6 per cent.
Cost of MANAGEMENT.—Directors' fees, manager and other salaries, &c.		3,500	3,500	5·8 per cent.
Rates and taxes, 4½ per cent. on gross income		4,750	4,750	7·9 per cent.
Available for sinking fund and for distribution as profit equal to 10 per cent. on 400,000.		40,180	40,180	—
Five million units at 4·8 d.	-	-	£.	100,000

## APPENDIX D.

PAPER handed in by Mr. E. O. Smith, 18th May 1886.

TABLE comparing the COST of MAKING GAS, the GROSS PROFIT Earned, and the Method of Disposing of same by :—

1. Eight Provincial Corporations.
2. Ten Provincial Gas Companies.
3. The Three London Gas Companies.
4. Fourteen Suburban Gas Companies—Year 1884.

	Price of Gas.	Manufac- ture and Dis- tribution.	Manage- ment.	Total Expenses, Coal and Working Expenses, less Residuals.	Gross Profit.	Annuities and Interest.	Net Profit.	Sinking Fund.	Aid of Rates.
Corporations - -	s. d. 2 6	7.79	0.84	17.03	13.50	5.97	6.04	1.40	4 09
Average illuminating power candles.	18.36	--	—	—	—	—	—	—	—
Provincial Gas Com- panies.	s. d. 2 5½	8.03	1.58	19.68	10.56	Dividend and Interest. 10.49	—	—	—
Average illuminating power candles.	16.90	—	—	—	—	—	—	—	—
London Gas Companies	s. d. 2 11	8.09	1.05	19.57	15.28	15 17	—	—	—
Average illuminating power candles.	16.70	—	—	—	—	—	—	—	—
Suburban Gas Com- panies.	- -	9.90	2.81	24.80	16.14	14.79	—	—	—
Average illuminating power.	not stated.	—	—	—	—	—	—	—	—

## APPENDIX E.

PAPERS handed in by Major *Armstrong*, 24 May 1886.

MEMORANDUM on the ELECTRIC LIGHTING at the SOUTH KENSINGTON and  
BETHNAL GREEN MUSEUMS.

It is six years ago since the first establishment of the electric light in a part of the South Kensington Museum, when 16 lamps, and a dynamo on the Brush system was obtained to light the central courts. The results having been satisfactory, the electric lighting has been gradually extended to other parts of the building, and at the present rather more than half of the Museum has the electric light, the remainder being still lighted by gas.

No serious inconvenience has ever been caused by failure of the apparatus, nor has any occurrence taken place pointing to any risk of fire, when, as is the case here, the wires, &c., have been carefully laid under proper supervision. At present there are 75 arc lights, and 790 glow lamps. The working expenses, including wages, fuel and carbons, repair of machines and lamps, and renewals of glow-lamps, amounted during the year to 1,112 *l.* The cost of gas for lighting the same portion of the Museum would have been over 2,500 *l.*; the working expenses of the electric light thus showing a saving of about 1,400 *l.*; the capital expenditure on boilers, engines, and all electrical plant having been 10,076 *l.*

Separating, as far as possible, the cost of working the arc lamp from that of the glow lamps, it is found that the former is about two-fifths, and the latter two-thirds that of gas.

Bethnal Green Museum has been lighted by electricity for two years; an agreement was made with the "Pilsen," "Joeb," and General Electric Light Company that they were to make the whole of the installation at their expense, including the erection of a shed for the engine and machinery, to put in 30 arc and 300 glow lamps, and to work the lights for three years, at the end of which time they are to remove all their plant, unless the Department should wish to purchase it. They receive 1,050 *l.* a year (the gas having cost about 750 *l.*). In case of any failure of the apparatus, or any part of it, they have to pay for the gas used. Under this head they have had to pay 14 *s.* 2 *d.*

The lighting has been very satisfactorily done, and the reduction of the temperature in the upper galleries, as compared with that when gas was in use, is very marked.

The recent arrangement in this Museum of the National Portrait Gallery rendered it advisable to have six additional arc lamps, for which 25 *l.* a year each is paid.

The lighting now is on an average fully 20 per cent. better than by gas, as determined by Mr. Preece's photometer.

The South Kensington and Bethnal Green Museums are open on Saturdays, Mondays and Tuesday evenings until 10 p.m., requiring about 625 hours artificial lighting in year.

The Museum of Practical Geology, in Jermyn-street, has been lighted by electricity for more than five years with satisfactory results. Thirteen "Brush" arc lamps are used, the motive power being a 12-horse power "Otto" gas engine. The cost of working is about 80 *l.* a year (400 hours lighting).

Two of the lamps are in rooms which used not to be open when the Museum was lighted by gas. The consumption of gas used to be 2,100 feet an hour, which, at present price, would cost 157 *l.* a year.

## HOUSE OF COMMONS ELECTRIC LIGHT INSTALLATION.

## DESCRIPTION OF PLANT.

No. 1.—One high-pressure non-condensing engine capable of running 250-16 candle power incandescent lamps, driving two “K” 250-light each, Edison Dynamos; each machine working to only one-half of its output. These machines light the three dining-rooms, one smoking-room, and five libraries; No. of lamps, 250.

No. 2.—One high-pressure engine similar to the above, driving two “L” 150-light each, Edison Dynamos. These machines light the pillar lanterns beneath the galleries of the House of Commons chamber, the reporters’ “writing off” and telephone rooms, the reading-room, tea-room, kitchen larder, test lights, &c.; number of lamps, 245.

Total number of lights, 495; of this number of lamps, all of which are of the incandescent type, 393 are Edison 16 C. P., 20 Edison 10 C. P., 58 Levan 8 C. P., and 24 Victoria (Anglo-American Company) 20 C. P.

One steam boiler, 7 feet in diameter and 28 feet in length, Lancashire type, working at a pressure of 70 feet on the square inch.

## MAINTENANCE.

The cost of maintaining the above number of lights during the last two Sessions of Parliament, viz., 1884 and 1885 (56 weeks, including Autumn Session in 1884), was 824 *l.*, made up as follows:—

	£.	s.	d.
Consumption of coal, 362 tons at 18 s. 9d. - - - - -	337	-	-
Wages of attendants for two years - - - - -	374	-	-
(Note.—During the Parliamentary Recess the attendants are employed in effecting alterations and repairs as well as cleaning.)			
General repairs and renewal of lamps (240), oil, waste, &c. - - -	113	-	-
	£. 824	-	-

The total number of hours during which the machines were at work amount to 2,581. As, however, a portion of the lamps are on the day-light circuit, and their whole number do not come into use until dusk, the total number of lamp hours is ascertained to be 664,646; therefore the cost of running that number of lamps for one hour, or one lamp for 664,646 hours, involved an expenditure of 824 $\frac{1}{2}$ l., which amounts to 297 of a penny per lamp per hour.

The consumption of coal equals nearly 1,850 lamp hours per ton. This consumption is high; but the plant being only a temporary one, the engines are not of the most economical construction. Thus in working the engines, owing to there being no automatic “cut off” to the steam valves in order to work expansively, a cylinder full of steam is expended 400 times a minute when utilized for a day-light circuit of only 20 lamps, while for the full number of lamps, the speed of the engine is only increased by 40 revolutions. In the one case, however, the steam pressure is somewhat reduced by “wire drawing,” while in the other the full pressure of the steam is utilized.

## GAS CONSUMPTION.

The quantity of 20 C. P. cannel coal gas burnt in those places now lighted by electricity averaged throughout the Parliamentary Session about 50,000 cubic feet per week. This, multiplied by 56 weeks, amounts to 2,800,000 feet, at 3 s. 9 d. per thousand.

	£.	s.	d.
2,800,000 cubic feet at 3 s. 9 d. - - - - -	525	-	-
Wages of one gasfitter, transferred to Electric Department 2 years - - -	203	-	-
Note.—During the Recess this man was employed in cleaning, lacquering chandeliers, effecting repairs, &c., removal of globes and shades, burners, and materials for repairs, cleaning, &c. - - -			
	12	-	-
	£. 740	-	-
Annual cost of lighting by electricity, during two Sessions - - -	824	-	-
Estimated cost of lighting by gas during two Sessions - - -	740	-	-
Difference - - -	£. 84	-	-

In the above return no account is taken either with regard to interest on capital sunk or depreciation of plant. The total cost of the electric lighting installation amounts to 3,320 *l*.

The cost of the gas plant is not known.

These figures, although accurate as regards this particular exceptional case, require analysis before inferences regarding the general question are drawn from them.

For instance, as regards ordinary gas lighting the wages for "attendance" would disappear altogether, or be reduced to a comparatively insignificant sum, say 20 *l*. a year; on the other hand, as regards electric lighting, the wages—

(a.) Should only be for the 56 weeks during which the light was used, instead of being for two years.

(b.) The cost of coal used in economical engines should be taken.

(c.) The price of the lamps in the near future can hardly be maintained at 5 *s*. or 4 *s*. each, the cost of manufacture being only about 1 *s*. 2 *d*.

(d.) Interest on first outlay and depreciation should be taken into account in cases in which electricity would be used to replace existing gas arrangements.

Applying these corrections in each case we have the comparative annual costs—

For Gas.		For Electricity.	
	£.		£.
Value of gas burned - - -	525	Cost of coal - - -	112
Repairs, &c. - - -	12	" lamps - - -	60
Wages - - -	20	Wages (very high) - - -	187
<b>TOTAL - - - £.</b>	<b>557</b>	<b>TOTAL - - - £.</b>	<b>359</b>

To this something should be added for interest on difference of first cost between electrical and gas installations, and for the greater depreciation of the former in cases where there are no existing gas arrangements.

In cases in which existing gas is replaced by electricity we should add to the cost of the latter interest on *total* first cost and depreciation, repairs, &c.

The chief point worthy of note in these figures is that the expensive item in the gas installation is the high cost of material consumed, viz., 537 *l*., which would increase proportionably with a larger consumption.

In the electric installation, on the other hand, the value of the material consumed is only about 172 *l*., i. e., one-third of the previous amount. The heavy expenses are for wages, interest on first outlay, and repairs and depreciation, and do not increase proportionably with increased consumption.

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I N D E X.

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Cites, in proof of corporations making large profits, amounts charged for gas by eight provincial corporations compared with ten provincial companies, 594-613, *App. B.*, p. 28.

Difficulty of stating exactly how many years it might take to fairly develop an electrical undertaking, 625—Doubtful as to investing money if the term be twenty-one years, subject to purchase as a 'going concern,' 626—It is quite possible to fix a standard price in the case of electricity, 627-8—It is done in the Provisional Orders under the Act of 1882; 629-32—States manner of fixing the standard value of supply, 633-4—Suggests 10 per cent. as a standard dividend, 635-8.

Believes that incandescent electric lighting cannot, at present, compete with gas, in point of price; it is a 'light of luxury,' 650-1—Amount of original capital required for electric lighting of a district is not anything like as well known as it is in the case of gas, 735; but it is perfectly measurable, 652-5—Means adopted by Mr. Edison in New York for ascertaining probable demand, 737-43—Parliament could prevent any raising of excessive capital to defeat the auction clauses; the capital could be computed with a small area first, 656-61—As regards price of unit, the intermittance of supply would not affect an electric concern more than a gas company, 662-6—Does not regard uncertainty of demand as fatal to fixing the price for the electric unit, 667-76—Nor, with a limited number of volts, would any particular system require an alteration in the size of the mains, 677-80.

Does not think it impossible now, as he did in 1882, to limit either the profit or the price in electric lighting, 681—Four years' greater experience has taught otherwise; there is now a sufficiently practical development to fix the price, *ib.* 683—Explains his answer in 1882 as to auction clauses, 684-5.

Cannot account for having stated in 1882 that purchase as a 'going concern' should not include a claim for prospective increase of profits; withdraws that statement, 693-7—With a growing undertaking, purchase should include compensation for good-will, 712—No difficulty found by arbitrators in estimating future profits, 714-6.

Considers that the local authorities get an equivalent for the way-leave under the streets in the rates paid for the mains, 728—But if not, payment for way-leave is preferable to corporate trading, *ib.*

Agrees in objection of previous witnesses that compulsory purchase would tend to starve the undertaking as the period of purchase approached, 729—The public would suffer as much as the company, 730—Importance of putting electric companies under an obligation to supply electricity, 731-2—No. 1 Bill, so far from creating a new monopoly, goes to impair an existing one, that of gas, 734—Question of employment of electricity for transmission of power, 744-50.

*Bramwell, Sir Frederick Joseph, F.R.S. (Analysis of his Evidence)—continued.*

Bad effect of restrictive Act of 1882 in causing private installations to be made, which are withdrawn from the supply of the companies, 775—Disbelief in the Act having checked rash speculation, 776-9—Failing No. 1 Bill, would infinitely rather have No. 2 Bill than nothing, 782—Objects altogether to No. 3 Bill; it will certainly fail to attract capital or to allow electric lighting to go on, 781, 787.

*Brougham, The Honourable Reginald. (Analysis of his Evidence.)—Is Associate Member of the Institute of Civil Engineers, a member of the Institute of Telegraph Engineers, and practising as a consulting engineer, 2354—Has given considerable attention to electricity of late years, 2355.*

Should say (notwithstanding Sir F. Bramwell's evidence to the contrary) that the inventions in electricity since 1882, as regards distant transmission and economical distribution were more important than those prior to that date, 2357—The most important is the invention of transformers, described, 2358-61, 2400, 2406—Very great difference between size and potential of mains in the old and modern systems; details given, 2362-4, 2408-10—Effects of this change as regards distribution, 2365-70—Difficulties of distribution over a large area under the old system; these now removed, 2400-1, 2434-5.

The price per electric unit should depend on the special circumstances of each case; a high price in one place would be a low one in another, 2371—Given a plant, it is possible to tell how much a certain light could be produced at, 2372—The standard of price must be based further on the probable number of lamps paid for, 2373—Great variation in cost of production, though not so great now as formerly, on account of the difference in the mains, *ib.*

Anticipates a reduction in price, 2374, 2404, 2430-33—owing to possibility of inventing a more economical lamp, not merely to reduction, as stated by Professor Forbes, of the cost of the actual one, *ib.* 2375—and also owing to enormous diminution in the prime cost of the mains, 2405, 2429.

Dangers of breakage of overhead wires can be easily guarded against by taking a very large factor of safety; explains how, 2378-81, 2416-20.—no difficulty in multiplying number of overhead wires, 2402-3.

Dangers from fire can be prevented by an arrangement making the generating machine stop directly the wire breaks or the current is interrupted, 2382-3—Not much danger of fire from the low tension currents of 200 volts under the Act of 1882; 2334—Danger to private houses avoided by having fusible cut-outs on each pole, 2385-7, 2421-3—The Phoenix rules minimise any danger, 2388-91, 2424-5.

Interference with Post Office wires preventable by duplication of cables, which removes any ill effects from induction, 2392, 2398-9—Describes French system of getting over the induction in telephone wires, 2393-5—No present difficulty in conforming to any requisitions for safety of human life, 2396.

Experiments abroad in distant transmission of electricity, 2407, 2436—Saving thereby effected in purchase of land for central stations, 2428.

*Brighton.* Dearthness of gas-lighting at, by a private company, *Bramwell* 611; *App. C.*, p. 283—Electric lighting by overhead wires, *Preece* 1911.

*Bristol.* Electric Lighting Provisional Order for, *Preece* 2228.

## C.

*Calcraft, Mr. Henry G. (Analysis of his Evidence.)—Is Permanent Secretary of the Board of Trade, 2249.*

Considers it impossible to work No. 1 (Lord Rayleigh's) Bill, 2250-2—It is not the usual practice of the Board in gas undertakings to authorise an initial price and the sliding scale, owing to difficulty of ascertaining what the initial price should be, 2252—Thinks it quite impossible to ascertain this in electric lighting, *ib.*—Too high a price has often been given to gas companies as it is, 2253—Objections to empowering Board to revise the standard price from time to time, 2305-7.

The auction clauses would be unfair to the undertakers without a sliding scale; explains why, 2254-6—They would not prevent a company from unduly increasing its capital, as the time for purchase approached, 2288-91.

Introduction of words "going concern" into the terms of compulsory purchase would force local authority to pay an unnecessarily large sum when purchasing, 2257, 2274-80, 2291—Experience of gas companies has shown this, *ib.*—Undesirable to indicate to undertakers that they would always get the price of a going concern, 2282—It would tend to make them increase their capital recklessly in the last few years of their undertaking, 2283, 2288.

Important

## Report, 1886—continued.

*Calcraft, Mr. Henry G.* (Analysis of his Evidence)—continued.

Important to give the Board reserve power to order removal of works by electric companies, not complying with the regulations, 2258, 2284—Though the power is not likely, speaking from experience, to be exercised, 2258—No objection to adding words to prevent unreasonable use of this power, 2285, 2287—The Board only desire proper regulations for public safety, 2286.

Sees no advantage in introducing the sliding scale principle into an entirely new industry, unlike gas, 2259-61—It involves also fixing a standard price with great accuracy, and this is very difficult, 2308—There would still be a maximum price fixed by Provisional Order, 2309-10.

Objects to multiplying powers of Board of Trade to over-rule local authority, 2265-71—No experience that a gas-owning corporation will unduly exercise its veto to protect its own monopoly, 2272-3—Thinks it desirable that local authorities should control lighting of the town, 2281—They are the best judges of local interests, and the minority must give way, 2301-4—Corporations ought to have compulsory powers of purchasing electric undertakings, 2313—Purchase by agreement is held by the Board to be insufficient in the public interest, 2314.

As to purchase, if an undertaking turns out better than is anticipated, the public, not the undertakers, ought to have the "pull," 2291-6—The undertakers need not take it up, the local authority may do so, 2297-9—It is essential that the public should not pay too highly for it, 2300.

States procedure of Board with regard to issuing of Provisional Orders, 2315-8—Desirable to give local authorities a power of veto on electric undertakings, subject, as under the Gas Act, to being over-ruled by the Board, 2319—Assumption involved in this concession to the local authority, 2320—Information as to licenses, 2321-7.

## CAPITAL:

- (a.) *Original Capital.*
- (b.) *New Capital.*
- (c.) *Causes of Failure to obtain Capital.*
- (d.) *Question of attracting Capital.*

(a.) *Original Capital:*

Question of raising an excessive amount of original capital and expending it uselessly, *Gibbs* 143—Should think it quite possible to prevent it, 144-6—Does not see what could be done with the money; it could not be paid away in dividends, 166—Clause 9 of No. 1 Bill referred to in this respect, 166—To raise a nominal capital and spend part of it not wanted in dividends would be an evasion of the auction clauses, 168, 170, 183-4—Does not think it possible under No. 1 Bill to raise a larger nominal capital originally than it was intended actually to embark in the undertaking, *Crompton* 319—An estimate of the original capital would have to be sent in to the Board of Trade, who would not allow an excessive sum to be fixed, *ib.* 320—No reason why the Board of Trade should not fix the capital in each case, limiting the amount for each area, 337-41—Instance of such limitation in a Provisional Order of 1883; 357-8.

Thinks it is more to the advantage of the public to have to pay 10 per cent. on a small amount of original capital in order to have the enterprise started and put to work, than to abstain from paying 10 per cent. that they should not get the enterprise at all, *Bramwell* 587.

The raising of excessive capital to defeat the auction clauses would not be allowed by Parliament; the promoters would have to justify the amount demanded, *Bramwell* 656—The capital can be computed within a very reasonable amount, 657—The amount might be defined, if thought desirable; case of Indian railways cited, *Macdonald* 1137-8.

Question of amount of capital required to light a given area on a given system; great variations in scientific evidence given in 1882, *Forbes* 236-7—But the same uncertainty does not prevail now, 238; *Crompton* 342—It is easy to fix the amount if the number of lights is known which people will take, but very difficult if the demand is unknown, 337—The amount is not anything like as well known as it is in the case of gas, but it is perfectly measurable, *Bramwell* 653-5—If too little capital is put down, the promoters, not the public, will suffer, 655—The amount does not depend entirely on the electrical system chosen, 677—Quite possible to calculate the amount by getting returns of intended consumers, as was done by Mr. Edison in America, 735-42.

Impossible to prescribe the original capital sufficient for a given area of supply, *Armstrong* 2167—The first cost must depend on the demand for lighting and other purposes, and that demand must be a progressive one, 2168, 2173—And it would make a difference what system is adopted, 2169-71—If too large a capital were subscribed, it would defeat the auction clauses in No. 1 Bill, 2172, 2207—The first outlay is very high compared with gas, 2176.

(147—IND.)

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## CAPITAL—continued.

(a.) *Original Capital*—continued.

Standard capital exceedingly difficult to fix; it has been fixed in Provisional Orders what the factor was to be; but it is in the clouds, there is no experience, *J. S. Forbes* 999—Impossible to prescribe original capital for a given area, for the first cost must depend on the consumption, *Armstrong* 2167—Moreover, there is the question of what system is employed, 2169-71—Difficulties arising from uncertainty of consumption; instance given of this, by canvassing at Bristol, *Preece* 2228—Experience is that demand goes on increasing; people like the light and want more, 2229—The possible or probable consumption for transmission of power is an element of uncertainty as regards original outlay, *Armstrong* 2205.

(b.) *New Capital*:

Must be raised under No. 1 Bill by public auction, *Cohen* 17—Recent legislation to that effect, 19.

Difficulties of raising it towards the end of any period prescribed in a concession, *Gibbs* 150, 163, 172—If the undertaking was not sufficiently tempting for the corporation to buy, it would be still less tempting for an investor to put his money into it, *Macdonald* 1098, 1111-4—Believes that new capital would be found if the concern were a profitable one, on the chance of getting a good interest, *Morrison* 1830.

Importance of giving power of extension to electric undertakings by raising further capital, as people are educated to use the light and the thing grows, *Bramwell* 400.

Tendency to starve the concern at the end of the term, if there were a certainty of losing it, *Lubbock* 1080.

See also *Auction Clauses*.

(c.) *Causes of Failure to obtain Capital for Electric Lighting Undertakings*:

(1.) The Act of 1882, *Cohen* 7, 9; *Gibbs* 113-4; *Crompton* 287, 298, 308; *Bramwell* 377, 511; *J. S. Forbes* 791-3, 796, 802, 930; *Lubbock* 1034, 1081; *Macdonald* 1088; *Shoolbred* 2445—Contrary opinion, *Whiteley* 1523; *Motum* 1621—After the strong evidence given, witness does not like to say that the Act may not have had some remote connection with the failure to get capital, *Morrison* 1652—It might have affected men in the City, but not electricians in the present undeveloped state of the science, *Smith* 1219, 1222, 1228-9—The Act has caused a little difficulty, but not so much as is generally ascribed to it, *Dunscombe* 1476.

(2.) Competition of gas companies, *Crompton* 304; *Morrison* 1652-3, 1694-7—Importance of being placed on equal terms in this respect, *Crompton* 304-7—Would wait until electric lighting was sufficiently advanced to compete, *Whiteley* 1555—It is not necessary to compete with gas to be successful; there will be a sufficient demand without this, *Motum* 1625—The low price of gas is one cause of the difficulty to obtain capital, no doubt, *Lubbock* 1081—This is a reason for giving electricity more favourable terms, to enable it to compete with cheap gas, 1084.

(3.) Certainly not due to any doubt in the minds of speculators as to electric concerns paying for some years to come, *Crompton* 327.

(4.) Unwise speculation has been a deterrent to some extent, *Crompton* 327.

(5.) The option of buying at recurrent periods is fatal to getting capital, *Bramwell* 692.

(6.) The terms of concession and the condition to give up possession were so onerous that attempts to raise capital were abandoned, *J. S. Forbes* 1009.

(7.) Imperfect state at present of electrical science, *Smith* 1206-7, 1224, 1261; *Morrison* 1655.

(8.) Disbelief on the part of the public in the possibilities of profit being fully secured, *Dunscombe* 1477—Has no doubt that capital will be found directly electric lighting has proved a commercial success, *Morrison* 1657-8—Admits that the public are more sceptical and more alive to scientific difficulties than in 1882, and this to an exaggerated extent, *Macdonald* 1097.

(9.) The almost prohibitive cost of electric lighting, *Whiteley* 1523.

(10.) The companies have not brought electric lighting sufficiently before the public; witness has never seen a prospectus, *Motum* 1621.

(11.) The money lost by purchase of useless patents has tended to disquiet capitalists, *Morrison* 1758-9.

(d.) *Question*

## Report, 1886—continued.

## CAPITAL—continued.

(d). *Question of attracting Capital:*

No. 1 Bill is the most likely of the three to attract capital, *Cohen* 9, 13, 77-80; *Gibbs* 117, 123, 128; *J. S. Forbes* 829-30; *Lubbock* 1034; *Macdonald* 1100-1—Believes it would be possible and probable to obtain capital under this Bill; it is more favourable to investors than No. 2 Bill, *Bramwell* 573-6; and also to the public, *J. S. Forbes* 824—Both this and No. 2 Bill would give a fresh impetus to electric lighting, *Lubbock* 1082—Investment would be confined to those having a scientific or personal pecuniary interest in the matter until the conditions of electric lighting are more fully ascertained, *Macdonald* 1154.

No. 2 Bill might suffice to attract capital in times of inflation, but not otherwise, *Cohen* 13—It might attract capital, but it would be very uncertain, *Gibbs* 117—Quite possible to obtain capital under this Bill, *Bramwell* 573—Thinks it might be found, *J. S. Forbes* 830—There would be some difficulty at the present moment, *Macdonald* 1102.

No. 3 Bill will not attract capital, *Cohen* 82-83; *Bramwell* 787; *J. S. Forbes* 824, 829; *Lubbock* 1068; *Macdonald* 1102—Contrary opinion, *Dunscombe* 1479-80, 1492, 1499—The Bill would attract capital if it is desirable that capital should be attracted; the investors under the other Bills would be those who had lost money in electrical speculation, and tried to recover themselves, *Morrison* 1870—The terms offered are sufficient as soon as electric lighting gets into a condition to be workable in towns, 1887.

Importance of offering more attractive terms to investors in times of depression, *Cohen* 34; and with a new discovery, 58—Thinks a maximum of 10 per cent. with auction clauses would suffice, 49—A term of forty years would be sufficient, but not with the existing terms of purchase, 53-4—Difficulty of determining exactly what will tempt investors, 55, 79.

A mere extension to forty-two years, without any other alterations, would not suffice, *Gibbs* 122—The twenty-one years' period has undoubtedly failed, *Crompton* 328—It is not enough simply to extend the period; electric undertakings can only be gradually developed; and capital must be called up by degrees, *Bramwell* 400—But forty-two years, coupled with sale as a "going concern," would probably be enough to attract capital, 412-4—Less than forty-two years might be enough to ascertain the profits of the undertaking, 621—Twenty-one years, with a "going concern" clause, might attract capital, but it is doubtful, 626.

The term of purchase must be long enough to ascertain the normal value of the undertaking, as fully developed with all improvements, *J. S. Forbes* 800—Forty-two years would be enough for this, 992—Believes that if there were a few electric companies that were paying fair dividends, and if there were a certain number of towns lit, it would be possible to raise capital on easier terms than otherwise, *Lubbock* 1068.

Importance of leaving the capitalist free, and giving him all the public aid he wants, *J. S. Forbes* 992—Electric lighting must be as free as possible from adverse legislation, to have any chance at all, *Macdonald* 1096-7—There is more danger of losing electric lighting from unwillingness of capitalists to put money into it than there is of any exorbitant profit being made by the capitalist, *Macdonald* 1108.

Disbelief in a mere extension of the period of purchase sufficing to attract capital in the present state of electrical science, *Smith* 1206—It is a lesser evil to wait for further scientific invention than to do without electric lighting in the meantime, 1209-10.

The term is rather short for recoupment of the expenditure, but an extension will suffice to attract capital, *Dunscombe* 1477—Thirty years will be quite enough, assuming seven years to develop the undertaking; the remaining twenty-three will amply suffice to create a sinking fund, 1481-90.

Belief that thirty years will compensate electric undertakings, as soon as electricity is sufficiently advanced to compete with gas, *Morrison* 1822-6.

*Central Stations:*

In 1882 there were no engineering difficulties which ought to have stopped the way of electric lighting on a large scale from central stations, *Forbes* 187; *Crompton* 303.

Great progress made in central station lighting in other countries of Europe, *Forbes* 187, 189-90—And in America, *ib.* 195; *App.* 281-2; *Bramwell* 559-64; *Preece* 1909—Believes the Grosvenor Gallery Station is the only one in England on a large scale, *Forbes* 191—Calculations respecting a central station in the London club district, 202—Belief that the experiment would pay on co-operative principles, 225-8 (147—IND.)

*Central Stations*—continued.

—Central station lighting is in a perfectly practical stage, 233-4—The same works, with some modifications of machinery, would serve both for street-lighting and house-lighting, 255-6.

Failure of operations at Victoria Station, *Crompton* 282—Owing to inability to raise capital, 298—Establishment expenses, 370, 1086.

Question of central generating station considered in connection with purchase of undertaking; difficulty under Act of 1882, *Bramwell* 497-9—Question of loss occasioned by severance, 500-1.

The only way in which ordinary private houses, putting aside exceptional cases, can be supplied, *Bramwell* 554—The number of private installations, with all their difficulties, shows that the public are quite ripe for central station lighting, 556—There is no difficulty as to making a fair charge to each consumer; the meters are quite trustworthy, 565-9.

The Edison and Swan Company have not hitherto divided a shilling of profit; they have been groping their way for years as to the principle and method on which central lighting is to be done, *J. S. Forbes* 802—Failure of the experiment in Holborn, 858—No material advance in central station lighting since 1882, *ib.* 856.

Question of central stations situated on leasehold land, *J. S. Forbes* 976-7—Saving in cost of land by increased facilities for distant transmission, *Brougham* 2428—There is a limit of distance at which a central station can supply a whole area, but cannot say exactly what it is, *Bramwell* 717—Even if one station could supply all London, it would be most costly and disadvantageous, 719-20.

Imperfect state of electric science as regards distribution from a common centre, *Smith* 1203, 1221—Instances of central station lighting in England, *Preece* 1911—Central station lighting is now in a practical condition, *Armstrong* 2152—Advances since 1882 stated, 2154—Expenses of first outlay, 2176-82.

House lighting and street lighting would require different systems, *Forbes* 251—But could be worked from the same central station, 255-6.

*Clubs.* Enquiries made by witness as to present means and cost of illumination of, in London, *Forbes* 202—Advantages of their combining for a joint system of electric lighting, *ib.* 225—Expense of private installations in, *Bramwell* 374.

*Coal.* Saving in consumption of, on steam boats, effected by improvements, *Cohen* 71—Price of, would seriously affect the cost of electric lighting, *Forbes* 276-8—The price regulates the cost of the light, *Preece* 2027—The price may be taken to be constant, *ib.* 2038—Double the illuminant got out of coal, if turned into electric light, than if used in the form of gas, *ib.* 2035-6—Calculated amount of, required to produce electricity, *Shoolbred* 2476-7.—See also *Residuals*.

*Cockburn, Lord Chief Justice.* His judgment in the Birmingham Corporation gas case, *Bramwell* 429-37—His remarks therein on the duties of corporations as traders, *ib.* 433.

*Cohen, Mr. Lionel Louis* (Member of the House of Commons). (Analysis of his Evidence.)—Until retiring from business on election to Parliament, was Senior Partner of the firm of Messrs. Louis Cohen & Sons, of Throgmorton-street, 1—The firm carried on an extensive business in the City, 2—Was Chairman at times of the Managers and Trustees of the Stock Exchange, as distinguished from the Committee of Direction, 3—Has no personal interest in any electric companies, 27.

Considers that the Act of 1882, in respect of the 27th Clause, is prohibitory to the finding of capital, 7, 33—And would unduly retard electric enterprise, 10—No. 3 Bill does not touch one of the crucial objections, as the conditions of acquisition by the local authority are untouched, 8—A period of twenty-one years is illusory; it is practically a concession at most for eighteen years, *ib.*—The same objections of principle apply in a milder form to a period of forty years, *ib.*—The Act bristles with fetters which would deter prudent people from investing their capital, *ib.*

Considers No. 1 Bill sufficiently attractive to investors, 13, 77—But doubtful as to No. 2 Bill, 26, 55—Thinks there should be a power of compulsory purchase, or some period not too proximate, 15-6, 35-6—In the interest of the consumer, it is only reasonable that there should be some limitation of dividend, 17, 104-5—Would give compulsory purchase after a time as a going concern, and, if it was held that there was undue time or an undue premium, limit the dividend to, say, 10 per cent., 19—And reduce the price after a certain limit of profit had been reached, 20.

Would adopt the sliding scale principle of the gas Acts, 22, 39—And have an amortization fund and a reserve fund, dependent, as regards extent, on the conditions of the Act, 23-4—Sees no difficulty in defining a "going concern," 28-32, 71-5—Purchase must include the connection and the business established, as a going concern, with

## Report, 1886—continued.

*Cohen, Mr. Lionel Louis* (Member of the House of Commons). (Analysis, &c.)—*contd.*

with a consideration of future profits in the way the concern is administered now, but not taking into account any discovery unborn, 37-8, 59-61—Probabilities, however, of improvement in processes would have to be taken into account, 70-1.

Considers that the local authority would perhaps manage the concern more in the interests of the public, because it would not look for profit; but it would not work it so economically or so well as a company, 40-6—Does not advocate that the local authority should do it, but that it should not shut the door against the possibility of doing it, 46—The period of purchase must be such as will enable one to say, with reasonable certainty, what is the future of the company, 52—Thinks that 40 years would be enough for that purpose, but not with the existing terms of purchase, 53-4.

Does not apprehend more difficulty as to limiting dividend than in any other undertaking, 62—The risk of "watering" the capital is met by the putting up the capital to auction, 63-8—Prefers on the whole No. 1 Bill, 76—Feels pretty sure that No. 3 Bill will not attract capital, 83—Difficulty of measuring precisely what will best attract investors, 85—Thinks that No 1 Bill, with power of purchase as a going concern, would be sufficient under many circumstances to induce the local authorities to purchase, 88-98—For example, in the case of a town likely to grow very rapidly, 89-91—Throws out suggestion to adopt a form of tender for concessions, as in the French railway system, 98.

*Colchester.* License for electric lighting at, *Bramwell* 386-7—The lighting done by a private company, *Preece* 2240—The license not altogether successful, *Calcraft* 2321-5.

*Commons, House of.* Observations on Report on electric lighting at, *Armstrong* 2161; *App. E.*, pp. 287-8—Large expense of original outlay, *Armstrong* 2179—Further details, *ib.* 2199-2202.

*Compensation.* Objection to paying any compensation for compulsory purchase, *Smith* 1352—The question is immaterial if the period of purchase is sufficiently remote, *Cohen* 95-7; *Bramwell* 614-5; *J. S. Forbes* 910, 981—An additional per-centage on the value of the plant would be unsatisfactory; there are not sufficient data for such compensation, *Macdonald* 1148-57—Mode in which compensation has been awarded to gas and water companies when acquired by agreement with corporations, *Bramwell* 405—Question of a *quid pro quo* between the companies and the corporation, *Morrison* 1805-11.

Question of compensation for removal of "injuriously affecting" wires by Post Office; there is no provision for it, *Hunter* 2088-9.

See also PURCHASE. Overhead Wires. Works and Plant.

*Competition.* See ELECTRIC LIGHTING (Question of competing with Gas.)

*Compressed Air.* Use of, for distributing power, *Bramwell* 744; *Morrison* 1681.

*Compressed Air Power Company.* Act of Parliament respecting, *Smith* 1352.

*Compulsory Purchase.* See PURCHASE.

*Compulsory Supply.* See Supply.

*Co-operative System.* Recommended for electric lighting of London Clubs, *Forbes* 225—Calculation that a large co-operative society would pay at 8 *d.* per electric unit, the lighting being supplied from a central source and paid for by separate occupiers, *Crompton* 343—The system might be adopted by a few contiguous houses, *Morrison* 1701, 1705.

*Copper.* Variations in price of, *Bramwell* 415—Copper conductors considered in relation to structural value of the undertaking, *ib.* 513-4—Conducting power of, *ib.* 680.

*Corporations.* See LOCAL AUTHORITIES.

#### *Cost of Electricity:*

Is not much lower than in 1882, *Forbes* 265—And is not likely to become much cheaper, except in the actual cost of the lamps themselves, 266, 273-5—Would be very seriously modified by the price of coal, 276-8

Could compete fairly with that of gas in some selected districts, but not all round *Forbes* 208, 212—Nor in London, though probably in other towns, 244.

*Cost of Electricity—continued.*

The amount of consumption is one of the ruling factors, *Crompton* 344—Establishment charges, 369-70, 1086; *App. C.*, p. 284.

Question of competing with gas if put on equal terms; equal profits can be made, but the companies will not be able to sell electricity as cheaply as gas, *Bramwell* 650-1—Does not see how electric lighting is to become much cheaper, 768-9.

Electric lighting can be done more cheaply now than in 1882, owing to improvement in dynamos, *J. S. Forbes* 804-5.

Difficulties and expenses at starting, *Lubbock* 1041—The greater the number of hours the lighting is required, the greater the economy, *Forbes* 215—Central station lighting could be worked very cheaply where there is water motive power, as in Italy, *Forbes* 257-8, 270.

The cost, roughly speaking, is about 2½ or 3 times that of gas, *Dunscombe* 1508—Electric lighting cannot be done at present at a cost less than double that of gas, *Preece* 2022, 2048-50—Owing mainly to cost of conductors, wires, fittings, lamps, &c., 2037—Thinks the cost of production will certainly be lessened, 2047.

*Crompton, Mr. Rookes, E.* (Analysis of his Evidence.)—Is an Electrical Engineer, and a partner in the firm of Crompton & Co., Electric Light Engineers and Contractors, 279—Has been engaged in the construction of electric light machinery since 1878; 280—His firm is largely engaged in electric light undertakings, 281—Is chairman of the association for supplying Birmingham, 282—And, as engineer of the Edison-Swan Company, designed the installation at Victoria Station, London, *ib.*—Lighted the Law Courts; supplied the machinery for a portion of Buckingham Palace; is finishing the machinery for lighting Vienna, and has just finished the Tilbury Docks, and has fixed upwards of 100,000 incandescent lights, 299.

States electric operations at Victoria Station, resulting in a loss of 16,000 £., and consequent abandonment of Provisional Order as being too onerous, 282-9—Witness desired to go on, but was overruled by the directors, who declined to call for more capital for laying down mains in the streets, 284, 351-7—The purchase option clause of the Act of 1882 stopped them, 285-7.

States proceedings, also unsuccessful, for electric lighting of Birmingham and district, 290-7, 358-60—The company's brokers declared it was impossible to raise capital on the terms required, 298.

No difficulty in the way of electric lighting by detached installations on a moderate scale, 303—But agrees that difficulties will crop up in house-to-house lighting on a large scale, *ib.*—The sole impediment to electric lighting now is the financial one, 304—Electric companies cannot compete with gas, if handicapped, *ib.*—They want equal terms of profit and equal fixity of tenure, 305—On terms less favourable than those in No. 1 Bill, with the sliding scale and auction clauses, they will have a very poor chance of getting capital, 306-8.

Much prefers No. 1 Bill, 309—Cannot see that it creates any monopoly; it still further reduces that of gas, if any, 310—No single electric company could plead a monopoly against future rivals, 311-3—And if they did, a Provisional Order could prevent it, 313—The disturbance of the streets would make competition difficult, 331—But subways will lessen this difficulty, especially in new streets, 314, 332-6—Sees no objection to a monopoly, if it be one, so long as it is not abused, 323-6.

Has no objection to No. 2 Bill, but does not think it as good as No. 1 Bill for the public, because the profits are not limited, 315-6—Thinks that compulsory purchase would tend to starving the undertaking towards the end of the period, 317—And make it difficult to value such plant as has only recently been put down, *ib.*—Considers the precautions in No. 1 Bill against "watering" capital quite sufficient, 319-20—And, moreover, there will still be the regulations of the Board of Trade, 319—Would have capital limited for each area, and sees no difficulty in fixing the amount, 337-42.

Importance of electricity for transmission of power, 321—Companies will not get much income from lighting, but a good deal from supplying power to work small industries in poor districts, when people are educated to use the power, *ib.*—The longer, therefore, the term, the more valuable it will be, 322.

Is certain that difficulty of raising capital is not due to disbelief that electric lighting can pay for some years to come under any circumstances, 327—Unwise speculation, no doubt, has been a deterrent to some extent, *ib.*—Believes that a term of 21 years is too short to enable capital to be got, 328-9.

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## Report, 1886—continued.

*Crompton, Mr. Rookes, E.* (Analysis of his Evidence)—continued.

Sees no difficulty in fixing a price for electrical unit, 343, 361-6—Calculates that a price of 8 *d.* would pay for a large co-operative society, under certain conditions, *ib.* 344, 362-7—Has never proposed to supply electric light as cheaply as gas, 345.

Purchase as a "going concern" requires a period long enough to ascertain what the concern is worth, no matter whether five, ten, or twenty years, 346—This includes prospective profits, for which nothing was allowed in the Birmingham case, 347—The words of the Act do not mean a "going concern" as usually understood, 348-50.

Reduction in cost of electric lighting has been hitherto small, owing to undertakings being on a small scale, but involving high fixed charges, *i.e.*, salaries, depreciation, rents, rates, &c., which could not be reduced, 368—These charges, in a small establishment, are quite half of the net cost of production; undertakes to give further details, 369, 370.

[Second Examination.]—Submits statement showing cost of establishment compared with cost of manufacture, 1086; *App. C.*, p. 284.

*Crompton-Winfield Association.* Origin and objects of, *Crompton* 290, 358.

## D.

*Dalton-in-Furness.* License for electric lighting at, *Bramwell* 385.

*Danger:*

(a.) From breakage of wires, *Brougham* 2377.

(b.) From Fire:—Instances known of offices having been set on fire in America by the admission of powerful electric light currents by means of overhead wires, *Preece* 1907, 1929—Owing to accidental contact between wires that ought to have been kept separate, 1908—In consequence of this, every telephone and telegraph wire in America is now protected from these currents, 1947—Serious dangers caused by 'marauding' systems in this respect, 1912—The danger arises solely from the work being scamped, 1932-3.

Can be prevented by an arrangement by which the machine producing the current shall stop working the moment the wire breaks, or the current is interrupted, *Brougham* 2382—There would not be much danger from low tension currents, 2383-4—Suggestion to guard against excessive currents by having a fusible cut-out on each pole, and thereby stop the connection between the house and the supply main, 2385-7, 2421-3.

The Phoenix rules minimise the danger, and ought always to be observed, *Brougham* 2388-91—They prescribe a fusible cut-out, 2421-3—Protection given by the rules of the Sun Fire Office, 2424-5.

(c.) To life, for electrical reasons, *Brougham* 2377—There is no difficulty in any company conforming to any requisitions necessary for safety to human life, 2396—Dangers to firemen are very remote, and are preventible by means of an automatic apparatus, 1943-6.

See also *Overhead Wires.*

*Demand.* There are plenty of places where electric light would be used by persons as a "light of luxury," *Bramwell* 378, 400—Believes that companies for this purpose would have been established on the ordinary rules of supply and demand if electric lighting had been dealt with as other industries, 391—For general purposes time is wanted to get the electric light appreciated, and this will be a slow and difficult process, 400, 506-8—Some time must necessarily elapse before a profit can be made, *Lubbock* 1041.

Believes that electric lighting at present would be taken advantage of only by the rich; objects therefore to corporations supplying a "light of luxury," *Smith* 1250-1, 1373-4, 1401—There is not sufficient custom yet to make it remunerative, 1449; *Dunscombe* 1495—But if only its cost could be brought down to something similar to gas, it would probably become almost a universal illuminant, *Whiteley* 1524.

Objections to compulsory supply clause as applicable also to areas where there is no demand, *Motum* 1615-6—Anticipates eventually a general demand for electric light; when this happens the demand will be supplied, 1625—Corporations will probably undertake it when the demand is general and widespread; otherwise they are not justified in doing so, *Morrison* 1689-94.

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Improbability

*Demand—continued.*

Improbability of any general demand for the electric light, except perhaps in the wealthy parts of London, unless its price could be reduced to very nearly that of gas, *Morrison* 1698.

The demand being uncertain and progressive, it would be impossible to prescribe the amount of original capital, *Armstrong* 2167-8, 2185, 2205—The uncertainty of consumption is one of the greatest difficulties in regard to plant, *Preece* 2227-8, 2243—The demand is sure to increase, 2229—But the public must first be educated to use the light, 2245.

The uncertainty of demand in the case of gas has prevented the Board of Trade from usually authorising an initial price and the sliding scale, *Calcraft* 2252—Believes it would be impossible in the case of electric lighting, *ib.*

Question of increasing mains to meet an increase of demand, *Brougham* 2368-70—Mode of estimating probable demand in New York by house-to-house canvassing, *J. S. Forbes* 737-43.

Believes that in addition to lighting purposes there will be a large demand for electricity as a means of transmitting power, *Crompton* 321—The original capital would have to provide for probable or possible consumption of power, *Armstrong* 2205.

See also *CAPITAL. Cost. Price. Supply.*

*Depreciation Fund.* All commercial companies set aside a depreciation fund, and electric lighting companies ought to do the same, *Whiteley* 1538; *Morrison* 1664—A well-managed business sets aside for depreciation something between 2½ and 7½ per cent. upon the capital, *Motum* 1626—If 4 per cent. were set aside and accumulated, the whole of the capital would be recouped in eighteen years, *Whiteley* 1538; *Motum* 1627.

Admission that the necessity for a depreciation fund is an injury to the public, by compelling a larger price to be charged to make the concern profitable, *Morrison* 1828-9.

See also *Sinking Fund. Works and Plant.*

*Dividend.* Probability of dividends of electric lighting companies being diluted by obligation to extend lighting beyond original area, *J. S. Forbes* 934.

Question of payment of dividend out of capital, *Gibbs* 145, 166.—See also *Auction Clauses. CAPITAL. Watering Capital.*

(a.) *Limitation of Dividend:*

Provision for, in No. 1 Bill, Clause 9, *Cohen* 103—The principle approved, *ib.* 104-6; *Gibbs* 124, 130; *Bramwell* 543; *Macdonald* 1106, 1131—Is a very doubtful expedient, *J. S. Forbes* 960-1—Is a necessity if there is to be a sliding scale, *Bramwell* 543—Would be a protection to the public, *Cohen* 39; *Lubbock* 1045; *Macdonald* 1101.

Statement of Lord Houghton that the Government have no wish to limit the dividend at all, their object being to enable the companies to get the whole capital back in forty-two years, *Bramwell* 786—This statement seems to assume that electric undertakers can fix their own price, which is not the case, *Lubbock* 1034.

Suggestion to divide surplus profits beyond the limited dividend between the company and the public, *Macdonald* 1127, 1132-3, 1141—A public accountant could inspect the books, 1139.

Provision for increasing dividend beyond a certain limit on condition of reducing the price, *Bramwell* 422, 634.—See *Sliding Scale.*

(b.) *Standard Dividend:*

Having regard to a new industry, the standard might very fairly be what it was for the gas companies in 1847; *Bramwell* 635.

Ten per cent. is a reasonable amount, *Cohen* 19-22, 39, 49; *Bramwell* 635-7; *Dunscombe* 1486, 1503—Is too much for companies to get; 8 per cent. would be quite enough, *Motum* 1627—10 per cent. should include 1½ per cent. for a sinking fund, *Dunscombe* 1488—It would be too high in the case of a railway, the risks of which can be measured by experience, *Cohen* 87—Better for the public to pay it than not have electric lighting at all, *Bramwell* 587.

Question of what price per unit must be charged to enable a dividend of 10 per cent., *Dunscombe* 1490-1, 1504-11; *Whiteley* 1542-54.—See also *Price.*

(c.) *Maximum Dividend:*

Cases of purchase at full maximum dividend, *Smith* 1166; *Whiteley* 1528; *Johnson* 1566, 1573; *Motum* 1628-33—Objections to the 'going concern' clause, on the principle of paying maximum dividends to people in perpetuity at the public expense, *Smith* 1454; *Calcraft* 2280.—See also *Purchase.*

## Report, 1886—continued.

*Dudley.* Unsuccessful attempt of the Corporation of, to purchase the local gas company, *Smith* 1219.

*Dunscombe, Mr. Clement.* (Analysis of his Evidence.)—Is City Engineer of Liverpool, and a member of the Institute of Civil Engineers, 1461—Appears on behalf of the Corporation of Liverpool, 1462.

The Corporation of Liverpool are prepared to assist, as far as possible, electric lighting in the town, 1463—They would undertake it themselves if they saw their way, 1494-5—The attempts have hitherto failed for scientific causes in one case, and financial ones in the other, 1464-8—The contracting company in each case failed to carry out its engagement, 1469-71—These two contracts were worked under a special Act of 1879, granted for five years, not under the general Act of 1882; 1473-5.

Thinks that Clause 27 of the Act of 1882 has caused a little difficulty in raising capital, but not so much as is generally ascribed to it, 1476—It only requires an extension of the term to allow recoupment of expenditure, *ib.*—The other cause of failure was the commercial aspect; it was not shown to the public that electric lighting could be supplied at such a price as would ensure its adoption on a large scale, 1477.

Would make Provisional Orders, as well as licenses, subject to consent of local authorities, 1479.

An extension of the period to thirty years would be ample, 1476, 1478, 1480, 1499, 1501—It would give time to create a sinking fund, giving the company seven years to develop, 1481-5, 1488-9—Considers 10 per cent. a reasonable maximum amount of interest for a company, or an average of 7 or 8 per cent., 1486-7, 1503—Everything depends on the price allowed to be charged, and this can be fixed by the Board of Trade, 1490-1, 1503-5—Has not calculated the price per unit himself, except roughly, 1506-11—The terms of purchase ought not to include value of patents, 1491-3.

Considers a going concern clause unnecessary for raising capital, with an extension of period to thirty or forty-two years, 1502—Tramways are worked on a twenty-one years' clause, *ib.*

*Dynamos.* Improvement of, since 1882, *Bramwell* 502, 633; *Armstrong* 2154—Immense reduction in cost, *J. S. Forbes* 804-5—This commercial value is nine times what it was in 1882, *Preece* 2044-5.

Considered in respect of valuation of plant, *Bramwell* 520-3; *J. S. Forbes* 983.

Question of nuisance arising from, *Bramwell* 551; *Smith* 1397-9.

## E.

*Eastbourne.* Electric lighting by overhead wires in, *Preece* 1911.

*Edison, Mr.* A Canadian, not an American inventor, *J. S. Forbes* 806—Payment to him for his patent, 810-11—His system of telegraphing from moving trains across the air, *Preece* 1940.

*Edison Electric Light Company.* Statistics of central lighting in the United States, *Bramwell* 561-3; *App. B.*, p. 282—Their electric meters have given universal satisfaction, *Bramwell* 565, 582—Mode of estimating amount of probable demand in New York by house-to-house inspection, *ib.* 737-43.

*Edison-Swan Electric Light Company.* Operations of, at Victoria Station, *Crompton* 282—Origin of the Company, *J. S. Forbes* 806—Have spent 305,000 £. up to this moment, without dividing a shilling of profit, 801—£. 145,000 of this was paid to Edison and Swan, the inventors, for patents, 809-16—Statement of accounts handed in, 815—Failure of central station lighting in Holborn, 858—Reasons for not being able to carry out Provisional Order, 863-4, 1009-28—Unsuccessful efforts to raise capital, 881-904, 921-31—The Company found the Provisional Order was a concession not worth having, 1029-30.

Circumstances of abandonment of the Provisional Order somewhat differently stated, *Lubbock* 1034-6—The Board never went to the public; they found they could not advise taking up the Provisional Order under the conditions of the Act, 1074-6.

*Electricity:*

Telephonic disturbances by, *Preece* 1912-27, 1938-42.

Distant transmission of, *Bramwell* 496—Important improvements since 1882, *Brougham* 2357-8—Instance at Turin of transmission for sixty miles from the centre of production, 2407.

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Value

*Electricity*—continued.

Value of, as a means of transmitting power, *Crompton* 321—There are other means, viz., water under pressure and compressed air, *Bramwell* 744—Compressed air and hydraulic water companies will do a great deal of this work, *Morrison* 1681—As much income will be got by companies from this use of electricity as from supplying the electric light, but not until people have been educated to use the power, *Crompton* 321—The supply of electricity for other purposes than those of lighting will be a question of agreement between the company and consumer, *Bramwell* 668-9—The possible or probable consumption for power is an element of uncertainty as regards original outlay and price, *Armstrong* 2205.

Five systems of distribution, viz., parallel, series, parallel series, secondary batteries, and secondary generators or transformers, *Forbes* 187—Calculations as to parallel system in London, 202—System of multiple mains, i.e., parallel system in its most economical form, *ib.*—Parallel series with a maximum difference of potential of 200 volts between the house terminals, *ib.*—System of simple series, *ib.*

See also *ELECTRIC LIGHTING*.

*ELECTRIC LIGHTING*:

Superiority of, on the Continent, *Forbes* 187-93—Perfect freedom of, in America, 197—No difficulty in the way of lighting by detached installations, *Crompton* 303—Though on a large scale no doubt difficulties would crop up which would have to be met, 303.

Superiority of, to other forms of lighting, *Forbes* 207; *Bramwell* 374; *Preece* 2029.

Use of, in works and factories, *Smith* 1375-6—But not to any appreciable extent, that witness knows of, in the manufacturing districts, *Smith* 1380—Use of, in industrial works in East-end of London, *Shoolbred* 2482.

Believes it is used in hotels, from its paying as an advertisement, *Smith* 1384.

Used at Nottingham for public galleries, but with very adverse results, *Johnson* 1584-6.

Dangers arising from. See *Danger*.

Recent progress of isolated installations. *Bramwell* 374.—See *House Lighting*.

(Considered as a 'light of luxury') :—Would be used as a 'light of luxury' by many persons who now use candles or lamps in preference to gas, notwithstanding the cost of new fittings, *Bramwell* 378, 391—It could be made to pay as such, *ib.* 651—The fact that it is a light of luxury is no reason for not giving public powers to an electric lighting company; gas companies supply two kinds of gas, i.e., cannel and coal, *ib.* 725—Is simply a light of luxury, and, if introduced at present, would only be taken advantage of by the rich, it only benefits a limited portion of the public, *Smith* 1259, 1373-4—The term 'light of luxury' accepted as used by Sir F. Bramwell, *ib.* 1377—Limited sense in which the term is applied, *Shoolbred* 2481—Small demand for electricity, being a light of luxury, not of necessity, owing to depressed times since 1882, *Motum* 1613.

## Question of competing with Gas :—

Can compete fairly in cost in some selected districts, but not all round in matter of economy alone, *Forbes* 208-12—Might be supplied as cheaply in some towns, but not in London, 244—If put on equal terms, equal profits can be made, but electricity will not be sold as cheaply as gas, *Bramwell* 650.

Thinks it can light the streets as cheaply as gas if a large supply be taken, *Forbes* 252—Not prepared to say that it could reasonably compete at present in this respect, *Bramwell* 724-6.

Roughly speaking, electricity is two and a-half or three times as expensive as gas, *Dunscombe* 1508—Electric lighting cannot be done at present at a cost less than double the price of gas, *Preece* 2022, 2048-50.

Cannot compete in price with gas, *Whiteley* 1537; *Morrison* 1655—Not with our present knowledge, *Preece* 2047—Experience of Birmingham that the electric light cannot be supplied at present to commercial advantage, in competition with gas, even at a medium price, *Smith* 1400, 1403.

Believes that under favourable conditions (stated) electricity could be supplied cheaper even in London than gas at the present prices; but not if small consumers must be supplied compulsorily, as well as large ones, *Armstrong* 2155, 2158, 2160—Nevertheless, witness can produce evidence to show that in certain cases it would be cheaper than gas, in cases of public installations, 2157—Instances of considerable saving by using electricity instead of gas, 2161, 2166.

Ought

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*ELECTRIC LIGHTING*—continued.

Ought to be placed on equal terms, as regards legislation, with gas, *Gibbs* 129, 137-9; *Crompton* 304; *Bramwell* 419, 650; *Lubbock* 1034—That is to say, equal terms of profit and equal fixity of tenure, *Crompton* 305—Reasons why this would not be any undue favouritism, *Bramwell* 510.

Comparisons as to cost have generally been made on a very different rate of production; this explained, *Shoolbred* 2480—Conditions under which electricity would be cheaper than gas; it is purely a question of lamp hours, 2499.

*Condition and Prospects :*

## (a.) Engineering Evidence :

The whole business entirely experimental at present, *Gibbs* 117—Is regarded as such by the public, more so than by those who have looked into the matter, *Lubbock* 1068—Is at present in a perfectly practical and not at all in an experimental stage, *Forbes* 232-5—Is quite undeveloped, not like gas, or water, or railways, *J. S. Forbes* 796—Increased appreciation of, since 1882, *Bramwell* 374—People only want educating to adopt it, *ib.* 391—Afraid the development of, will be very slow at present, *Macdonald* 1158.

Improvements since 1882 in dynamos and lamps, *Bramwell* 502—But is not aware of any great improvements in means of distribution since then, 375, 504—No difficulty as to meters; the Edison ones are perfectly trustworthy, 565-9—Economy effected by improvements in dynamos, 503; *J. S. Forbes* 804-5—No material advance in distribution of electricity since 1882, as regards public lighting from central stations, 856-8—Believes electric lighting has a future before it; improvements are going on daily, *Morrison* 1657-8—These improvements are all got by private installations, 1696—Recent advances in scientific knowledge very great; but in practice the development of the industry has been very slow, *Preece* 2910—Does not agree that there has been little improvement since 1882; the improvements since then have been very considerable indeed, 2044—But the industry is in its infancy and requires development, 2248—Central station lighting is now in a practical condition, *Armstrong* 2152—Electric lighting is a young industry in which improvements are certain to be effected; advances since 1882 stated, 2153-4—Considers the improvements since 1882 are more important than those before that date, as regards ease of taking electricity to a distance and distributing it with economy, *Brougham* 2357—The most important point is the invention of transformers, 2358-61—Improvement in mains under the new system, 2362-70—Great economy effected since 1882 in expenses of production, 2428-33.

Recent progress of isolated installations in England, notwithstanding the difficulties and expenses, *Bramwell* 374.

The unwillingness of capitalists to find money is a greater danger to the cause of electric lighting than the fear of any exorbitant profits being made by capitalists, *Macdonald* 1108.

Would be used almost universally if only its cost could be brought down to something similar to gas, *Whiteley* 1524.

## (b.) Financial Evidence :

Is sure the capital could be invested largely at a profit if the industry is unimpeded by legislation, *Forbes* 206, 228—Thinks it ought to pay well in a few years, 246-8—No difficulty in finding capital if electric lighting is placed on equal terms with gas, as regards terms of profit and fixity of tenure, *Crompton* 304-5—Does not think one could possibly expect in twenty-one years both to make a fair dividend and also to lay by any very large sum to go in reduction of capital, *Lubbock* 1041—Afraid that an extension even to forty-two years will not meet the case, in view of competition of gas companies, 1042-4—Requires to be as free as possible to have a chance at all of success, *Macdonald* 1096.

Electrical science is not sufficiently advanced at present to make it financially successful, *Smith* 1262-75, 1400-1, 1449—When it is, a company could probably make a good profit under the Government Bill, 1412—and get all their money back at the end of the time; a sinking fund of 1 or 2 per cent. would do it, 1299-1301—Thirty years would suffice, provided they did not begin till there was a reasonable chance of making a profit, 1412, 1416, 1446.

Present disbelief of the public in the possibilities of profit being fully secured, *Dunscombe* 1477—Witness gives a company seven years to develop, 1481-3—A company ought to make 10 per cent., 1486-90—Everything depends on the price allowed to be charged, 1490-1—No company at present, considering the cost of electricity, could make a supply with profit for the ordinary business of a manufacturing town, *Whiteley* 1525.

Extreme difficulty of estimating demand at first, and therefore amount of original capital required, *Armstrong* 2209-13.—See *CAPITAL*.

**ELECTRIC LIGHTING**—continued.*Condition and Prospects*—continued.

## (b.) Financial Evidence—continued.

The profit of the business depends on the number of lamps used and the certainty of the supply, *J. S. Forbes* 997—To pay, there must be a large demand for lights; that in Holborn was too small, hence the failure, *Lubbock* 1040.

Expenses of preliminary outlay, *Lubbock* 1041—These are very high as compared with gas; instance of House of Commons lighting cited, *Armstrong* 2176-82.

Uncertainty of consumption the most difficult point to deal with, *Preece* 2228.

See also *Cost*.

*Impediments to its Development :*

The unnatural financial speculation about 1882 to some extent deterred electrical enterprise, *Forbes* 188; *Crompton* 327.

The Act of 1882 has been the main difficulty, *Forbes* 188;—and is at present the only impediment to the extension of electric lighting, 268-9; *Crompton* 327.

The only difficulty is the financial one, *Crompton* 304—The Act of 1882 is not the only impediment to finding capital, *Macdonald* 1095—The real impediment to investors is not legislation, but the want of more scientific invention, *Smith* 1202-3, 1208-10, 1220-4—The Act only partially explains the failure to raise capital, *Dunscombe* 1476—No mere legislation will make electricity, a dear article, compete with gas, a cheap article, *Whiteley* 1555—Legislation is not an obstacle, *Morrison* 17067, 1748-50.

The commercial aspect is a cause, in addition to the Act, of the failure to raise capital; it could not be shown to the public that electricity could be supplied at such a price as would ensure its adoption on a large scale, and consequently the possibilities of profit were not fully secured, *Dunscombe* 1477—The public will not advance their capital till they are pretty sure that electric lighting will cut out gas as an illuminant, *Morrison* 1696—Disbelief in failure to raise capital arising from any doubts on the part of speculators in electric concerns being able to pay for some years to come, *Crompton* 327.

The almost prohibitive cost of electricity is almost entirely the reason why capital cannot be raised, *Whiteley* 1522-3—It is the chief cause of failure, *Morrison* 1652-3.

Depressed times since 1882, one cause why demand is not more general, electricity being a light of luxury, not of necessity, *Motum* 1613.

The compulsory supply clause has made corporations and companies hesitate to take up Provisional Orders, *Motum* 1613-7.

Interest of gas-owning Corporations to oppose electric undertakings, *Bramwell* 457-69—Believes there are cases of such opposition, but cannot remember any, 534-41—Is not aware of any cases of a local authority actually intervening to prevent electric lighting, *J. S. Forbes* 968—Does not think that the introduction of electric lighting at Birmingham would cause any great loss to the ratepayers in respect of the gas undertaking, *Smith* 1283-5.

*Electric Lighting Act, 1882.* Believes the Act was framed to protect corporations who had embarked their ratepayers' money in gas undertakings, *Bramwell* 427, 456, 463-8, 534-41—Great pains taken by the Board of Trade in the formation of the Act, *J. S. Forbes* 852—Section 3, Sub-Section 1, referred to in respect of grant of licences by local authority, *ib.* 969—Section 26 inserted for protection of the Post Office, *Hunter* 2070.

*Evidence against Act :*

Has retarded electric lighting enterprise, *Cohen* 7; *Gibbs* 113—Is the main impediment to economical electric lighting in England, *Forbes* 188-204—Has been fatal to electric lighting in England from a central source, *Bramwell* 374-7, 391, 480, 648-9; and thus affects private-house lighting, *ib.* 382—Is fatal to any private enterprise, *J. S. Forbes* 791—Has remained a dead letter, *Cohen* 14—Absolutely necessary to amend the Act, *Lubbock* 1034.

Has generally proved deterrent to investors, *Cohen* 9; *Bramwell* 480; *Gibbs* 150; *J. S. Forbes* 793, 795, 797; *Lubbock* 1034; *Macdonald* 1088, 1105—Owing to its restrictive character, *Cohen* 9; *Bramwell* 480; *J. S. Forbes* 852—And to the insufficient securities and inducements to cover the risks of an industry as yet undeveloped, *J. S. Forbes* 796—And regarded at present by the public as experimental, *Lubbock* 1068—Restrictions in the Act explained by supposed need to check current mania for electric lighting speculation and competition of conflicting inventors or promoters, *J. S. Forbes* 852—Disbelief in the Act having saved the public at all from undue speculation and loss of money, *Bramwell* 777-9.

Section 27 (Purchase Clause): Is the really deterrent part of the Act, *Cohen* 7; *Gibbs*

## Report, 1886—continued.

*Electric Lighting Act, 1882—continued.**Evidence against Act—continued.*

*Gibbs* 114, 132; *Forbes* 188; *Bramwell* 396-7; *J. S. Forbes* 793, 797, 824; *Lubbock* 1046; *Macdonald* 1089-96—Has proved fatal to electric operations begun in the Victoria District, *Crompton* 282-7; and in Birmingham, *ib.* 290—Caused the Swan-Edison Company to abandon certain Provisional Orders, *J. S. Forbes* 863-4, 921-31—Other experience to this effect, *Shoolbred* 2445-9—Compared with Section 43 of the Tramways Act 1870, in regard to powers of compulsory purchase; the cases not analogous, *Bramwell* 480-7—The terms of purchase objected to, as sacrificing, to a large extent, the property of the company, *Macdonald* 1093—And as taking their property without any adequate remuneration, *ib.*

The twenty-one years' period is illusory; it is practically a concession, at most, for eighteen years; reasons why, *Cohen* 9—The period is too short, and even if it were long enough, the conditions of resumption are fatal to finding capital, *J. S. Forbes* 797, 824—A mere extension of time will not meet the objections to the clause, *Bramwell* 398.

The seven years' period is illusory, *Bramwell* 400—And fatal to bringing in capital, *ib.*—It will hamper improvements, and an extension to ten years would not remove this objection, *Forbes* 210, 249.

The words 'fair market value at the time of purchase' explained, *Bramwell* 511-14.

*Evidence in Favour of Act:*

Disbelief in the Act having deterred investors, *Motum* 1621—It may have had some remote connection with failure to obtain capital; but the chief obstacle is the cost of electric lighting, as competing with gas, *Morrison* 1652-3—Admission that there is a prevalent idea that purchase 'at old iron price' has tended to deter investors, *ib.* 1666—What has deterred investors is not the Act, but the present state of electrical science, *Smith* 1202-3.

Section 27 (Purchase Clause):—Contains fair terms of purchase, *Smith* 1457; *Whiteley* 1528-9—Has caused a little difficulty in raising capital, but not so much as is generally ascribed to it, *Dunscombe* 1476—Does not account for difficulty of raising capital; the reason is the almost prohibitive cost of electric lighting, *Whiteley* 1522.

The twenty-one years' period is not too short, regard being had to gas competition, *Smith* 1162—It is rather too short to recoup expenditure, but it only wants an extension to induce capital to enter; thirty years would be ample for this purpose, *Dunscombe* 1476, 1478, 1499-1501—Tramways are worked successfully on a purchase clause exactly similar, and with only twenty-one years, *ib.* 1502.

*Electric Lighting Act (1882) Amendment (No. 1) Bill (1886).* Lord Rayleigh's Bill, *Cohen* 12—Witness had a considerable hand in preparing it, *Bramwell* 403—Its general object stated, *Cohen* 12.

Petitions in favour of, of Society for the Encouragement of Arts, Manufactures, and Commerce, *Min.* v.—Institution of Civil Engineers, vi.

Petitions praying to be heard by Counsel in favour of, of Electric Lighting Committee appointed by Board of Trade in 1884, *Min.* v.—Electric Lighting Committee, *ib.*

Petitions for amendment of, of Board of Works for the Poplar District, *Min.* v.—Corporation of Gateshead, *ib.*—Board of Works for the Strand District, vi.

Petitions against, of Corporations of Birmingham, *Min.* iv.—Newcastle-upon-Tyne, v.—Hanley, vi.—Vestry of hamlet of Mile End Old Town, v.

Petitions praying to be heard by Counsel against, of Dundee Gas Commissioners, *Min.* v.—Corporations of Birmingham, Blackburn, Bolton, Burnley, Glasgow, Manchester, Nottingham, and Paisley, *ib.*—Commissioners of Sewers of the City of London, and Metropolitan Board of Works, vi.

Opinion of the Committee that it is inexpedient to proceed further with the Bill, *Rep.* iii.

*Evidence in Favour of the Bill:*

The Bill approved generally, *Gibbs* 126-8; *Forbes* 260-1; *Crompton* 309; *Bramwell* 781; *J. S. Forbes* 824, 829; *Lubbock* 1034; *Macdonald* 1100.

Approved, in particular;—as preventing excessive charges, similarly to Gas Acts, *Cohen* 39—As making purchase by local authority allowable, and not compulsory, *Gibbs* 126-8; *J. S. Forbes* 852—As enabling the investors to get the full benefit of the concern for their money, *Forbes* 262—As giving no unfair advantage to gas companies, *Crompton* 309—From its absolute uniformity and equality to modern gas legislation, *Bramwell* 419, 580.

*Electric Lighting Act (1882) Amendment (No. 1) Bill (1886)*—continued.*Evidence in Favour of the Bill*—continued.

Preferred, with qualification, to No. 2 Bill, *Cohen* 13, 19—A better Bill than No. 2 for the public, *J. S. Forbes* 824, 829, 950. 959-62—Particularly in respect of limitation of dividend, *ib.* 959-62.

Is more likely than the other Bills to attract capital, *Cohen* 77; *Gibbs* 123—It would enable money to be raised, though, perhaps, doubtful whether on any large scale; money could not be raised under less favourable conditions than these, *Lubbock* 1084, 1037.

The monopoly given by the Bill is too guarded to be objectionable, *Gibbs* 124—There is no monopoly at all, *Crompton* 309—So far from creating a new monopoly, it defeats an existing one, *Bramwell* 734.

It gives inducements to companies to develop, *J. S. Forbes* 950—And gives the public a liberal return of interest, and the possibility of increasing that interest as the condition of raising the price, *ib.* 829—It gives regulation of price, inducement to perfection and security, together with length of tenure and resumption at the equivalent value, *ib.* 830.

Protection given to the public by means of the auction clauses, *Bramwell* 424; 542; *Lubbock* 1034, 1037; and sliding scale, *Bramwell* 542; *Lubbock* 1034, 1037.

*Evidence against the Bill:*

The Bill objected to entirely, *Smith* 1198—These objections concurred in, *Whiteley* 1520; *Johnson* 1565; *Motum* 1612—Opposed by Corporations of Birmingham, *Smith* 1162; Newcastle-upon-Tyne, *Motum* 1612; and Leeds, in fact, by 171 corporations, *Morrison* 1651—Petitioned against by Corporations of Blackburn, *Whiteley* 1515; and Nottingham, *Johnson* 1563.

Objections to voluntary, instead of compulsory purchase, *Smith* 1162, 1194, 1357-8, *Morrison* 1661—Admission that the Bill contains no sufficient equivalent to the State for the abolition of compulsory purchase; it might be necessary to give the local authority these powers, *Cohen* 35-6, 77.

Objected to as giving the companies practically a monopoly in perpetuity, owing to the power given of putting their plant under the streets, *Morrison* 1663, 1713-14.

Impossible to work the Bill, speaking from experience of Provisional Orders with regard to gas, *Calcraft* 2252—Because it is impossible to fix the initial price, *ib.*

The sliding scale objected to, *Smith* 1196.

The auction clauses:—Would be defeated by fixing a large capital originally, *Armstrong* 2172—Would not prevent calling up a nominal capital, larger than might afterwards be found necessary, owing to difficulties (stated) of fixing standard price from the uncertainty of demand, 2204-7—Would be unfair to the undertakers without a sliding scale, and this the Board of Trade does not usually authorise in Gas Provisional Orders, still less would it be able to do so in electric lighting, *Calcraft* 2252-5—Would not prevent undertakers from unduly increasing their capital towards the end of the term, in view of purchase as a going concern, 2288-91.

See also *CAPITAL (Original Capital)*.

*Electric Lighting Act (1882) Amendment (No. 2) Bill (1886)*. Lord Ashford's Bill, *Cohen* 12.

Petitions against, of Corporations of Newcastle-upon-Tyne, *Mis. v.*, and Hanley *vi.*

Petitions praying to be heard by counsel against, of Dundee Gas Commissioners, and Corporations of Liverpool, Birmingham, Blackburn, Bolton, Burnley, Glasgow, Manchester, Nottingham, and Paisley, *Mis. v.*—Commissioners of Sewers of the City of London and Metropolitan Board of Works, *vi.*

Petition for amendment of, of Board of Works of the Strand District, *Mis. vi.*—Opinion of the Committee that it is inexpedient to proceed further with the Bill, *Rep. iii.*—As compared with No. 1 Bill:—Is not so good for the public, because the profits are not limited, *Crompton* 315-6—Is infinitely better than nothing, but not so good as No. 1 Bill, *Bramwell* 782—Is a better Bill for a company, but at the expense of the public; explains why, *J. S. Forbes* 824-8, 954-5, 959-62—Probably as favourable, as regards companies, *Lubbock* 1038, 1048—Better, no doubt, for companies and speculators, *Morrison* 1860.

As compared with No. 3 Bill:—Is better, as regards question of purchase, *Bramwell* 686.

Is not sufficiently attractive to tempt investors in times of depression, *Cohen* 13—Not prepared to say that the Bill would prevent capital from being found; thinks it might be found, *J. S. Forbes* 830—Would probably be difficult to attract capital under this Bill, *Macdonald* 1102.

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*Electric Lighting Act (1882) Amendment (No. 2) Bill (1886)*—continued.

Power of purchase as a 'going concern' removes in some measure the objections to Sect. 27 of the Act, *Gibbs* 116—This clause specially objected to, *Whiteley* 1527; *Morrison* 1664-5.—See also 'Going Concern.'

The Bill gives a reasonable time for developing a normal state of things in the enterprise, and thus ascertaining its real value, *J. S. Forbes* 956—The period of forty-one years is far too long, *Smith* 1162, 1199—And the obligation to pay for the value of the undertaking after so long a period would result practically in an open arbitration, with all its costly incidents, *Smith* 1162.

Section 3 :—Would object strongly to extending powers of Board of Trade to Provisional Orders as well as licences, *Smith* 1407.

The Bill generally objected to, *Smith* 1162—Objections of previous witness concurred in, *Whiteley* 1515; *Johnson* 1563; *Motum* 1612—The Bill petitioned against by Corporations of Birmingham, *Smith* 1162—and Blackburn, *Whiteley* 1515—Opposed by 171 corporations, *Morrison* 1651.

*Electric Lighting Act (1882) Amendment (No. 3) Bill (1886)*:

The Government Bill, *Cohen* 10.

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Petition against, of Society for the Encouragement of Arts, Manufactures and Commerce, v—Society of Telegraph Engineers and Electricians, vi—Institution of Civil Engineers, vi—Corporation of Hanley, vi.

Petitions praying to be heard by counsel against, of Electric Lighting Committee, *Min.* v—Council of the Dynamic Society, v—Messrs. R. E. Crompton and Company and others, v—Dundee Gas Commissioners, vi—Corporations of Liverpool, Birmingham, Blackburn, Bolton, Burnley, Glasgow, Manchester, Nottingham, and Paisley, vi—Commissioners of Sewers of the City of London, vi—Metropolitan Board of Works, vi.

Petitions for amendment of, of Corporation of Newcastle-upon-Tyne, v—Board of Works for the Strand District, vi.

Petition that the Bill may not pass into law until municipal corporations interested therein have been heard, of Corporation of Edinburgh, vi.

New clause respecting grant of Provisional Orders by the Board of Trade: proposed by Lord Houghton to be inserted at the commencement of the Bill, *Min.* xi—The clause agreed to, xii—Rejected (on re-consideration of Bill) by an equality of votes, xv.

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Proviso relating to consent of local authorities, being owners of gas or electric undertakings: proposed by Lord Balfour of Burley and, after discussion, withdrawn, *Min.* xii—Another proviso proposed by Lord Balfour of Burley, and rejected, xiv, xv.

New clause, proposed by Lord Houghton, empowering Board of Trade to make bye-laws, to be submitted to the local authority, for regulating electric lines and works, and to direct the removal of such lines and works in case of non-compliance, *Min.* xii.—The clause rejected, xiii.

(III.) New clause, proposed by Lord Ashford, and agreed to be inserted (Clause 3, Sub-section 1), *Min.* xiii—New sub-sections proposed by Lord Houghton and agreed to be inserted (Clause 3, Sub-sections 2. *ad fin.*), xiii. xiv.

*Evidence relating to New Clauses proposed by Government:*

Electrical importance of restrictions in the case of overhead wires, *Proece* 1951-9.

Post Office protection clauses:—Approved, as meeting the Post Office requirements, *Hunter* 2071, 2076, 2139—Their object is to give protection in cases where electric works are not constructed under Provisional Order or license, 2072—Reason why telegraphic and telephonic works are excepted (Clause 3, Sub-section 6), 2078—Importance of guarding against injury to telegraphic wires by electric lines or works (Clause 3, Sub-section 2), 2079-85—Question of ousting, if necessary, existing holders of the field, 2086-90—The words 'injuriously affected' defined, 2091-3, 2104—The powers only apply to unlicensed people and people acting outside the Act and Board of Trade Regulations, 2094-5—Question of modifying the clause, 2108-10.

Power of removal of works:—The power only applies to those who refuse to come under the regulations, *Hunter* 2145—Admission that the words of the clause do not expressly state this, 2146-8—Desirability of giving powers of removal to the Board of

\* These numbers mark the Clauses of the Bill as reported.

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*Electric Lighting Act (1882) Amendment (No. 3) Bill (1886)—continued.**Evidence relating to New Clauses proposed by Government—continued.*

of Trade in case of breach of regulations, *Calcraft* 2258—Question of introducing words to show that this power is only to be exercised as an alternative, 2284-7—Further evidence on this subject, *Meysey-Thompson* 2328-53.

*Evidence in Favour of the Bill:*

The Bill generally approved, *Smith* 1456; *Johnson* 1576—Approved, subject to a modification, *Whiteley* 1517; *Motum* 1612—Supported by 171 corporations of England, represented by witness, *Morrison* 1651—Petition of Birmingham Corporation in favour of, with an amendment, *Mucedonald* 1162.

Offers sufficiently favourable terms to attract capital, *Motum* 1623—Will do so, when electric lighting gets into a condition to be workable in towns, *Morrison* 1887.

The extension of time for purchase to thirty years will suffice to enable undertakers, supposing electricity to have advanced considerably, to make a good profit before purchase, *Smith* 1226—But is not prepared to say that there might not be circumstances under which it might not be extended to forty-two years, *ib.* 1255—Thirty years is ample to obtain capital, *Dunscombe* 1476, 1478-9, 1480, 1499-1500;—i.e., by means of a sinking fund, giving the company seven years to develop, *ib.* 1481, 1483—Forty-two years enough to raise capital without a 'going concern' clause; opinion based on precedent of tramways, *ib.* 1502—Should be sorry to see the thirty years' limit extended, *Whiteley* 1520—The thirty years' limit approved, but not prepared to say that twenty-one years were not enough, *Morrison* 1711-12.

The Bill sufficient without a 'going concern' clause, but subject to a conditional veto being given to corporations, *Whiteley* 1536.

*Evidence Against the Bill:*

The Bill entirely objected to, *Bramwell* 781—It fails to provide length of tenure and resumption at the equivalent value, *J. S. Forbes* 830.

The Bill would unduly retard electrical enterprise, *Cohen* 10; *Bramwell* 787.

Will not attract capital, *Cohen* 82-3; *Bramwell* 787; *Mucedonald* 1162—Stands in the way of raising new capital, *Gibbs* 150—No capitalist would touch it; it has no chance with investors, *J. S. Forbes* 829, 963—Would be insufficient to raise money upon, *Lubbock* 1052.

Powers of compulsory purchase objected to on broad ground of objection to allowing local authorities to act as traders, as in gas lighting, *Bramwell* 472.—See *LOCAL AUTHORITIES*.

The mere extension of period of purchase fails to remove the crucial objections to Section 27 of the Act, *Cohen* 8; *Gibbs* 115, 122; *Bramwell* 398.

The forty-two years' extension: Would prevent increased capital for developing the concern, *Bramwell* 400-1, 787;—unless coupled with a 'going concern' clause, *ib.* 412-5—Would not remove difficulties of raising money from investors, *Lubbock* 1034, 1051—Will not suffice to tempt capital in the present state of electrical science; this, not legislation, being the real obstacle to investment, *Smith* 1202-7.

The ten years' period: Is absolutely useless, *Bramwell* 400-1, 782;—a revision every ten years would hamper introduction of engineering improvements, *Forbes* 249.

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*Field, Mr.* His analysis of returns of profit by gas companies, *Bramwell* 595-602; *App. C.*, p. 283; *Smith* 1219.

*Fire.* Cases of, in United States, from use of overhead electric wires, *Preece* 1907, 1929—Question of danger therefrom, 1994-2003. See also *Danger*.

*Fish-joints.* Economy effected by use of, on railways, *Cohen* 71.

*Forbes, Professor George, M.A., F.R.S.E.* (Analysis of his Evidence):

Is an Associate of the Institute of Civil Engineers, and member of the council of the Society of Telegraph Engineers and Electricians, 185—Was formerly a Professor of Natural Philosophy in Anderson's College, Glasgow, and is a general consulting engineer, 186—Has devoted much time to studying the proper distribution of electricity, 187—Commenced in 1882 a series of investigations, recorded in the "Journal of the Society of Telegraph Engineers and Electricians" in 1884, and in the "Journal of the Society of Arts" in 1885 and 1886, *ib.*—Is in no way pecuniarily interested in any of the electric companies; speaks simply as an engineer, 217.

Describes five useful and independent systems of distribution, 187—Most of these were equally available in 1882, *ib.*—The only real important additions to electrical resources

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resources since then are in the improvement of secondary batteries and the introduction of secondary generators or transformers, *ib.*

States experience of central station lighting in America, 187, 195; *App. A.*, p. 281—Particulars of central station lighting in Europe, 189-90; *App. A.*, p. 281—Comparative rarity in England, 191-2, 195.

The main impediment to electric lighting in England has been the Act, 188—The unnatural financial speculation about 1882 was also a deterrent to some extent, *ib.*—But confidence is now restored, *ib.*—The restrictions of Section 27 of the Act have hampered electric lighting and prevented its development, *ib.*

Ascribes greater development of electric lighting in America mainly to the freedom of the industry there from restrictive legislation, and partly also to the cost of gas, 197.

Calculations as to central station lighting in the London club district, 202, 220-4—Reasons for selecting that district, 203—Nothing but legislation prevents a beginning being made in this country with electric lighting on a large scale, 204—From an engineering point of view it can be made a practical thing if people are allowed to put money into it and get a return from it, 205.

Superiority of the electric light as compared with gas, 207, 227—Believes it can compete fairly in cost in some selected districts, 208, 211-5.

Effects of introduction of improvements on a company, in respect of plant, 210—Injurious operation of the seven years' revision; it tends to check improvement, *ib.*—Thinks gas as an illuminant will for a long time maintain its way with electricity, 218.

Believes that under favourable conditions capital could be invested in electric lighting largely at a profit, 228—Electric lighting is in a perfectly practical, not at all in an experimental, stage, 233-5—It is quite possible to estimate the amount of capital required for lighting a given area, 236-8—Does not think that electricity could be supplied at the price of gas in London, but it might be done in other towns, 244.

Forty-two years are not sufficient to enable outlay to be recouped, 245—An extension of the seven years' period to ten years would not remove the deterrent effect on the introduction of improvements, 249.

Different systems would be employed for house lighting and street lighting, 251—But the same central works would serve for both, 255—Electric companies could light the streets as cheaply as gas companies, if a larger supply is taken, 252—With water motive power, the economy would be very great, 257—There are systems of distribution which render electric lighting tolerably independent of distance.

Prefers Lord Rayleigh's Bill, 261—Because investors would get the full benefit of their money; without this no young industry can flourish, 262—The cost of electric lighting is very little lower than in 1882, and is not likely to become much cheaper, 265-6—The machines producing electricity are now converting more than 90 per cent. of mechanical power into electricity, 266—Knows of no other impediment besides legislation to the extension of electric lighting, 268-9.

No difficulty in fixing the price for the electrical unit, 273—Witness would have fixed it probably at the same price in 1882; 274—Expects that the only important difference in future will be in the cost of the lamps, 275—The price of coal would seriously modify the cost of production, 276-8.

[Second Examination.]—States result of inquiries as to the state of the law in America and on the Continent with regard to electric lighting, 1890—There is no difficulty in distributing from a central station, 1891—Electrical meters are quite reliable; when tested, they have been found much more accurate than gas meters, 1892-3—States systems on which meters are formed, 1894-5—Advantage of establishing the fact that electricity should be distributed by meter rather than by prescribing the form of lamp, 1898—Would leave special arrangements as to prescribing lamps to be dealt with in every particular case by a Provisional Order, 1899.

*Forbes, Mr. James Staats.* (Analysis of his Evidence):

Is Chairman of the Edison and Swan United Electric Light Company, and Deputy-Chairman of the Telephone Company, 788-9—Has been interested in electric lighting since its introduction into this country, 855.

Impossible to get electric lighting under the Act of 1882 out of any private enterprise, 791-2—Has tried to get money and failed, owing to the terms of the Act, and especially those in Section 27, as to resumption by purchase, 793—The term is too short, and the conditions of resumption not such as any prudent man would accept, 794

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*Forbes, Mr. James Staats.* (Analysis of his Evidence)—continued.

—Electric lighting is quite undeveloped, and with great risks there must be great securities and great inducements; the Act does not cover that position, 796—Neither the public nor skilled capitalists will touch it, 797, 802, 852.

The term of purchase should be as long as possible, to enable the real, normal value of the undertaking, including all improvements, to be ascertained, 800—But a mere extension of the term will not suffice; no resumption on the basis of paying merely for the material will do, 801.

States experience of the Edison and Swan Company, 802—They have spent 305,000 *l.* and not divided a shilling of dividend, 801-3—Further statement of company's accounts, 806-21.

Absurdity of limiting the value of the undertaking at the end of a term of years to the cost of the plant, 822—Other items of preliminary expenses, 823—No compulsory purchase under provisions corresponding with those of the Act or of the Government Bill would meet the difficulties of the case, 824—Prefers No. 1 Bill to No. 2 Bill, as being better both for undertakers and the public, 829—It gives length of tenure and resumption at the equivalent value, 830.

Objects to public bodies entering on any industrial enterprise at all, 831—They have not the same inducement to gain as private companies have, 835—And are under influences which companies are not, 831—This objection applies to all public authorities, not only to Government departments, 832-3—To all local authorities, or any authority which depends upon the concretion of the elective principle, 834—There is also the question of incurring risk, 835—Public bodies are too apt to oppose competition, and that is against the public interest, 849—Bases these objections on his experience in a typical case, 836-40.

Probability that gas-owning corporations will not look with a favourable eye upon electric lighting undertakings, for the reasons above stated, 850-1.

Necessity of stating clearly the principles on which compulsory purchase is to be carried out, 852—The words 'going concern' should be defined; question of contingent value being included, 853—The market value of a share which does not pay anything to-day is the possibility of its paying in the future, 854.

Agrees that since 1882 there has been no material advance in the distribution of electricity as regards public lighting, 856-8—Failure of the company's attempt to establish a central station in Holborn, 858—Ascribes this failure to the conditions of the Act, and to certain difficulties which were revealed by practice, 862-3—Refers to letter to Board of Trade giving reasons for abandoning Provisional Orders, *ib.* 865.

Is not aware of any capital having been put into electric lighting since 1882, or of anything having been started since then to which the Act has applied, 866—Or of any undertaking for public lighting having been started, not coming under the Act, 867-8—The Edison and Swan Company are the owners of the patents, and propose to apply them also in the supply of electrical power, 869-71.

If compulsory purchase ignores the outlay for bringing the concern up to a working point, it will be impossible to find capital, 872—Case of Post Office telegraphs considered, 874.

Further evidence with regard to the capital of the Edison and Swan Company, in connection with the Provisional Orders, 880-900. 923—The shareholders refused to allow further calls to be made, 901—Question of the Board of Trade receiving tenders from rival companies, 906-9.

Question of a term of sixty years being long enough in the case of compulsory purchase, 910-3—What is wanted is to give time to get the thing up to a normal earning value, 914—Should think that if electric lighting is to go on, it will have to develop something like safe ground in twenty-one years, *ib.*—The purchase must be as a going concern, *ib.* 915, 920—The material point is that the prospects must be taken into account, 917, 919.

Evidence respecting the six Provisional Orders obtained by the company, 921-6—The margin of the unpaid capital of the company was insufficient to carry them out, 927—The conditions of compulsory purchase made it impossible to raise more capital, *ib.* 928—Instances of technical objections raised by capitalists to the terms of the Provisional Orders, 934.

The option of the consumer to use any lamp without reference to the undertaker, is a serious thing for any company, 940—Unless there is an efficient meter to check the supply which appears doubtful, 941-8.

Re-states views with regard to compulsory purchase, 951—Does not object to it if the time is given to ascertain by reasonable experience the real value of the concern, 953—Does not object to No. 2 Bill in this respect from a company point of view, 954-6—Thinks the limitation of dividend a very doubtful expedient; the elastic principle,

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*Forbes, Mr. James Staats.* (Analysis of his Evidence)—continued.

principle, as in No. 1 Bill, is a better one, 959-60—The Government Bill has no chance with investors, 963.

Objects to local authorities entering into these enterprises, as becoming insurers of risks which it is not the business of a public authority to insure, 964—As a choice of evils, would rather deal with the Government than with a local authority, 966—Is not aware of any instance in which a local authority has intervened to prevent electric lighting, 968.

Question of the fair proportion of capital which would be covered by the terms of the Act with regard to the plant, 983-4—Reasons why the value of the plant alone would not compensate for dispossession, 986-7—The undertakers, having taken all the risks, are entitled to the present and contingent profits, 987.

To attract capital, you must leave the capitalist free and give him all the public aid he wants, which is the same use of the streets that any other company has, doing an analogous service, 992, 995—This is no more a monopoly than that of water, gas, or telephone companies, 993—The profits of electric lighting depend on the number of lamps and the certainty of supply, 997—It would be difficult to settle the price at present, 998-9.

Question of patents in connection with purchase as a going concern, 1000—If it is a *bonâ fide* outlay adopted by the company legitimately, the contingent value of it, the unexhausted improvements, must be paid for, 1003.

States efforts made to raise fresh capital for the Edison and Swan Company, 1009—No prospectus was issued; it would have been useless, 1015—The conditions of the Provisional Order made the undertaking commercially valueless, 1025-30.

*France.* System of concessions to French railways, *Cohen* 98; *Lubbock* 1061.

## G.

*Gas Legislation :*

Proposal to apply the principle of the sliding scale in the Gas Acts to electric lighting, *Cohen* 22, 39—Beneficial results of the sliding scale in relation to gas legislation, *Bramwell* 421—The auction clauses in Gas Acts approved, 424—Advantages to the public of the gas legislation of ten or fifteen years ago, 419.

Analogy of Gas and Water Facilities Acts cited, in favour of requiring consent of local authority, before applying for a Provisional Order for electric lighting, *Smith* 1162, 1214—Subject to reviewal, in case of veto, by the Board of Trade, 1218—The same powers are desired by corporations in the case of electric undertakings, *Morrison* 1667—Approval of conferring those powers, *Calcraft* 2319.

*Gas and Water Facilities Act* (1870). See *Gas Legislation*.

*Gaslight and Coke Company.* Their capital has been enormously enhanced by having to buy two sets of pipes in one street, *Crompton* 325.

*Gas Lighting :*

Advantages enjoyed by gas companies as being in possession of the field, *Gibbs* 117; *Crompton* 304—They are formidable competitors to electric lighting companies, especially in the first stages, *Lubbock* 1041-4—Does not believe that any electric company could be started now with a reasonable chance of competing with cheap gas, *Smith* 1403.

Question whether legislative restrictions have prevented the creation of a monopoly, *Gibbs* 136-7—The monopoly, if one, has not been detrimental to the public, 140, *Crompton* 324—It is guarded by the clauses limiting the dividend, 124—Gas has no full monopoly now, for it competes with candles and petroleum, *Crompton* 309.

Gas companies could afford to reduce their prices and profits if threatened by electric lighting, *Forbes* 208; *Crompton* 304—Gas companies will probably seek to stifle electric companies by making a substantial reduction in the price of gas, *Lubbock* 1034—The electric companies will have to go down to the lowest price to obtain custom, *Bramwell* 786; *Lubbock* 1034.

Question of gas-owning corporations opposing electric lighting, as against their interests, *Gibbs* 159—Does not know it, but has no doubt of it, *ib.*—Believes the Electric Lighting Act of 1882 was framed to protect, not gas companies, but corporations who had embarked their ratepayers' money in gas undertakings, *Bramwell* 427—Directly a corporation becomes a proprietor of a gas undertaking, all limitation of profit is removed, this is the universal practice, 429—Only one instance known of profits of gas undertaking by corporation being applied to relieve the rates, 448—The conditions different from those of water supply, 454—Gas lighting ought never to have

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been entrusted to local authorities, 472—Large profits made by corporations compared with private companies; instances given, 595-602; *App. C.*, p. 283—The returns criticised, *Smith* 1219.

High price of gas is one cause of the prevalence of electric lighting in America, *Forbes* 195, 197; *Bramwell* 564—But this alone will not explain the prevalence of electric lighting on the Continent, *Forbes* 195—As much as 7 s. 6 d. per 1,000 cubic feet is paid in some places in Great Britain, 215.—7 s. per 1,000 is equivalent to 8 d. per electrical unit, *Crompton* 362—Standard price of gas in London, *Bramwell* 764-5; *Calcraft* 2308—There are no fixed data as to the standard price; the question is contested at every Parliamentary committee, *Bramwell* 652—Gas at 6 s. or 7 s. a 1,000 will compare with electricity at the unit fixed at present, *Dunscombe* 1507.

Improbability of gas being universally superseded by electric lighting; it will sometimes be relegated to purposes of cooking and heating, but as an illuminant it will for a long time maintain its way, *Forbes* 218—Objections to gas in sitting rooms, owing to products of combustion, *Bramwell* 374, 557—Sacrifice of gas fittings is a difficulty in the way of adoption of electric lighting, 391—Illuminating power of gas compared with that of electricity, *Shoolbred* 2458-67—Nuisance of gasworks infinitely greater than that of electric stations, *Bramwell* 722—Gas liked by poor men in their houses for the warmth of it, *Smith* 1379—As an illuminant, the electric light cannot yet compete with it, *Whiteley* 1537.

Experience of arbitration in the case of purchase of gas undertakings, *Bramwell*, 405, 429-32.

Profits made by gas companies in England, but not in the United States, out of residuals left by gas, *Bramwell* 647—In recent years coals have been carbonised for residuals only, and such undertakings have been made to pay without the sale of gas, *Smith* 1219—A great future is probably in store for gas for heating purposes and motive power, *ib. Morrison* 1840.

Purchase of gas undertakings by Corporation of Birmingham, *Smith* 1162—Of Nottingham, *Johnson* 1566-72—Of Blackburn, *Whiteley* 1528—Gas undertaking by Corporation of Leeds, *Morrison* 1640-9—Gas lighting was not taken up at first, as a rule, by corporations, *Johnson* 1580-2—Gas lighting at Liverpool by a private company, *Dunscombe* 1496—And in Newcastle, *Motum* 1612.

Obligations of gas companies in regard to question of intermittent demand, *Bramwell* 666—They supply two kinds of gas, cannel and coal gas, 725—Table comparing the cost of making gas, the gross profit earned, and the method of disposing of same by certain corporations and companies, *Smith* 1219; *App. D.*, p. 285—Probable consumption and average demand are better known than in the case of electric lighting, *Preece* 2230-1, 2245.

It is not the present practice of the Board of Trade to allow competing undertakings, *Morrison* 1833—Question of abandonment of electric lighting orders by gas-owning corporations, *Bramwell* 474.

Belief that the restrictions necessarily attaching to the success of electric lighting from the competition of gas are more appreciated by the public since the craze of 1882, *Macdonald* 1097.

Legal obligation of corporations owning gasworks to put aside a sinking fund, *Whiteley* 1547—Gas would flourish under existing electric lighting legislation; if the positions were reversed, it would be impossible to keep gas back, because it is cheap, 1556—Disbelief in the possibility of any general demand for the electric light unless its price could be reduced to very nearly that of gas, *Morrison* 1698—Belief that gas will ultimately be superseded by electricity as an illuminant, 1722—Harassing conditions imposed on public bodies, hitherto, in the purchase of gas undertakings, 1803.

Question of cost of production, as compared with electricity, *Preece* 2022—Use of gas by witness, as a source of power, 2024—Where gas is cheap, power is cheap; where gas is dear, coals are dear, and, therefore, power is dear, 2027—9,000 or 10,000 cubic feet of gas are the utmost produced by a ton of coal, 2031; *Shoolbred* 2474.

The first outlay is much smaller than that for electric installations, *Armstrong* 2166, 2176—But the production charges are heavy as compared with the original cost, 2179.

When a new gas undertaking comes before the Board of Trade, it is not the practice to authorise an initial price and the sliding scale, *Calcraft* 2252—Not enough is known of the expenses of introduction and the demand, *ib.*—Excessive sums paid by local authorities for purchase of gas undertakings, 2257.

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Quality of gas required by recent Acts of Parliament, *Shoolbred* 2459—The illuminating power of one cubic foot is equal to three candles, 2460—Comparison of illuminating power of gas unit and electrical unit, 2461 70—Allowance to be made for residual products in the case of gas, 2471—Conditions on which electricity could be supplied more cheaply, 2493.

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*Gasworks Clauses Act* (1847). Provisions of, referred to, *Bramwell* 429, 635; *Macdonald* 1145.

*Gibbs, Mr. Henry Hicks*. (Analysis of his Evidence.)—Is the senior partner in the firm of Messrs. Antony Gibbs & Sons, of Bishopsgate-street, 107—Was Governor of the Bank of England in 1875, and is now a Director, 108—Is a Director of the Mexican Railway Company, 109—and a member of the Royal Commission, now sitting, on the Depression of Trade, 110—Speaks quite impartially on the subject of electric lighting; his house has held some shares in the Brush Company, but otherwise he has no particular interest in the matter, 111—Has no scientific knowledge, but speaks only commercially, *ib*.

Thinks the Act of 1882 has certainly retarded electric lighting, 113—Section 27 is the really deterrent part of the Act; compulsory purchase after twenty-one years at the value of the plant is fatal to getting capital, 114—A mere extension of the period of purchase will not remove these objections, 115—Power of purchase as a going concern would in a great measure remove them, 116—But electric lighting being experimental, and gas in possession, there must be a certainty of profits to attract capital, 117—A simple limitation of time would compel the companies either to charge so high a price that nobody would desert gas for them, or to charge so low a price that it would not pay them at the end of their time for the risk, 118.

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*Glow-Lamps*. See *Lamps*.

“*Going Concern*.” Means the connection and good-will of the business, independent of the value of the material; a concern which is being carried on with a view to its continuance for the ulterior purposes of profit, *Cohen* 28-30—The term is well understood by business men, 31-2, 71-3—It involves a consideration of future profits in the way the thing is administered now, but not with regard to a discovery unborn, 59—But probabilities of improvement must be taken into account in valuation, 71—Goodwill means the state of the concern as proved by the books, 94.

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The term should be thoroughly and clearly defined, *Bramwell* 404, 406-7—Doubtful whether it will cover the mode of valuation that has prevailed, *ib*. 405, 408—The definition in the Toll Bridges Act approved, 531—The prospects are really the material question; these must be included in the valuation, *J. S. Forbes* 917-20.

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*Goodwill*. The term explained, as an element of purchase, *Cohen* 94.—See *PURCHASE*.

*Grosvenor Gallery*. Central station for electric lighting at, *Forbes* 191, 230-1; *Preece* 1911, 1928, 1936, 1944, 2044, 22379.

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*Halifax.* Large profits made by corporation of, from supplying gas, *Bramwell* 595602; *App. C.*, p. 283.

*Holborn.* Failure of central station electric lighting in, by Swan-Edison Company, *J. S. Forbes* 858—There was no difficulty in working the installation; it worked very well when in operation, but the demand was not enough to make it pay, *Lubbock* 1040.

*Hopkinson, Dr.* His improvements in electrical appliances, *Bramwell* 375, 504.

*Hotels.* Expenses of private electric installations at, *Bramwell* 374—Use of electric light at hotels a proof of its popularity, 382—The light is used merely as an advertisement and a luxury, *Smith* 1384.

*Houghton, Lord.* Statement of, that the Government have no wish to limit the dividend, their object being to enable the companies to get all their money back in forty-two years, 786—This statements seems to assume that electric undertakers can fix their own price, which is not the case, *Lubbock* 1034—Presumes that this includes a reasonable profit during the whole term of forty-two years, as well as recoupment of capital, *J. S. Forbes* 801.

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Recent progress of isolated installations in England, notwithstanding the difficulties and expenses, *Bramwell* 374.

*Hunt, Sir Henry.* His award in the West Bromwich case, *Bramwell* 429.

*Hunter, Mr. Robert.* (Analysis of his Evidence.)—Is Solicitor to the Post Office, 2068—Has constantly considered the position of the Post Office with reference to the Electric Lighting Act, 2069—Was consulted about Section 26, which was put in for the protection of the Post Office, 2070.

Considers that the amended clauses brought up by Lord Houghton meet the requirements of the Post Office, 2071—And do not go beyond what is necessary for their protection and the public safety, 2072—States object of the clauses, *ib.* 2076-7.

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*Hydraulic Power.* Use of, for transmission of power, *Morrison* 1681—Bill for Leeds, 1873.

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*Improvements* (in Electric Lighting). The improvements since 1882 have been in dynamos and lamps, not to any great extent in the means of distribution, *Bramwell* 375, 502, 504—No material advance since 1882 in central station lighting, *J. S. Forbes* 856-8—Contrary opinion; the improvements since 1882 have been very great, *Preece* 2044—They are going on daily, as shown by private installations, *Morrison* 1657-8, 1696—There is little room for further improvement except in regard to cost, *Preece* 2045.

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Need of further improvements to enable electric lighting to compete with gas, *Morrison* 1824.

See also *ELECTRIC LIGHTING. PURCHASE.*

*Incandescent Lamps.* See *Lamps.*

*Indian Railways.* Limitation of Government guarantee to a definite amount of capital; suggestion to apply the principle of limiting capital to the case of electric lighting companies, *Macdonald* 1138.

*Installations.* See *Central Stations. Private Installations.*

*Italy.* Large use of water-power in, for electric lighting, *Forbes* 270.

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*Johnson, Mr. Samuel George.* (Analysis of his Evidence.)—Is town clerk of Nottingham and clerk of the peace, 1562—Appears to give evidence on behalf of Nottingham Town Council against Bills Nos. 1 and 2, and in favour of Bill No. 3, with a modification, 1563.

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States offer made to corporation by a local electric lighting company, and reasons for declining it, 1604-8.

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*Lamps.* Are made now to burn longer than in 1882, *Bramwell* 502—Great improvements in incandescent lamps, *Armstrong* 2154—Practical importance of these improvements as tending to reduce the price of electric light, *ib.* 2186—The expense of lamps is a reason for making electric lighting dear, *Preece* 2037-43—Probability of further cheapening electric lighting by the invention of better lamps, *Brougham* 374-5.

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*Leasehold Property.* Difficulties of compulsory purchase of undertakings connected with, *Bramwell* 488-90—Question of non-renewal of lease towards the end of a concession, in view of compulsory purchase by the corporation, *J. S. Forbes* 974-80.

*Lee, Mr. Nathaniel.* Chairman of Birmingham Stock Exchange, *Crompton* 293.

*Leeds.* Improvements in gas manufacture by corporation, *Smith* 1219—Abandonment of Electric Lighting Provisional Order, *Morrison* 1634-5. 1667. 1768-92—Experiments in electric lighting by corporation, 1636-9. 1670-5—Gas and water undertakings by corporation, 1640-50. 1761-8.

*Leeds Hydraulic Power Company Bill.* Terms of, as between the company and the corporation, *Morrison* 1677-80—Further evidence respecting, 1873, 1878-84.

*Legislation (Electric Lighting).* Is at present the sole impediment to electric lighting in England, *Forbes* 268-9—Electric lighting must be as free as possible from adverse legislation, to have any chance at all, *Macdonald* 1096-7.

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The law in Austria stated, *Crompton* 301—There is no special legislation on the subject in America or on the Continent, *J. S. Forbes* 1890-1900.

*Leicester.* High price charged for gas by the corporation, *Bramwell* 595-602; *App. C.* p. 283.

*Licenses.* Distinguished from Provisional Orders, *Bramwell* 388—Grants of, for Dalton-in-Furness and St. Austell, the former to a local board itself, and the latter to a private individual, 385—Case of Colchester installation, 386, 390; *Calcraft* 2322—Believes it is the only case of a license having succeeded at all, *Calcraft* 2324—Power of local authority to stop the undertaking at the end of seven years, *Bramwell* 388.

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Provision in No. 2 Bill enabling Board of Trade to grant licenses without reference to the local authority, in cases where the local authorities are themselves purveyors, *Forbes* 971—The provision approved, *ib.*—Question of extending this power to Provisional Orders, *Smith* 1407, 1410.

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*Liverpool.* Unsuccessful attempts of corporation to promote electric lighting, *Dunscombe* 1463-71—These attempts were made under a Private Act, 1473-5—Statistics of gas supply and profits, *App. B.*, p. 283.

*Liverpool Corporation Electric Lighting Act* (1879). Referred to, *Dunscombe* 1473-5.

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## LOCAL AUTHORITIES :

- (a) *Question of Local Authorities being Traders.*
- (b) *Powers of Local Authorities in regard to Electric Lighting.*
- (c) *Case of Gas-owning Corporations.*

(a) *Question of Local Authorities being Traders :*

Objections to Local Authorities being Traders :—

(1.) As being governing bodies, *Bramwell* 398, 418 ; *J. S. Forbes* 831.—As a choice of evils, would rather deal with a Government Department, 966—But the principle and the objection are the same, *ib.*, *Lubbock* 1054, 1071.

(2.) As operating to bar improvement, *Bramwell* 428, 473—A corporation should not pledge itself to any particular thing which would preclude its taking something better, 470—The public body not only become insurers of the particular way of doing the thing, but become obstructive to a better way of doing it, in order to protect themselves, *J. S. Forbes* 849—Believes that the Government working of telegraphs has tended to check the development of telegraphic science, *Lubbock* 1052—There are not sufficient incentives to improvement in the case of corporations, 1059, 1079—This alleged bar to improvement denied ; instances of Leeds and Birmingham to the contrary, *Smith* 1219, 1459.

(3.) As driving capital out of the country, *Bramwell* 475-6—Local corporations pay less interest, being safer investments, but people cannot live on the interest, and therefore seek better outlets abroad, 477-8.

(4.) As making local authorities either monopolists or speculators ; they are better out of the matter altogether, *Gibbs* 126, 157.

(5.) As being under influences which a private company does not care about ; instance cited of a Government department as analogous to the case of electric lighting, *J. S. Forbes* 835-51.

(6.) As enabling the making of profit instead of supplying the article to the consumer as cheaply as possible, which is their proper duty, *Bramwell* 432-3—Cites judgment of Lord Chief Justice Cockburn in support of this contention, *ib.* ; also the Stalybridge Gas Company case, 448—Question of relief of rates out of profits made by corporate trading in gas, *ib.*—Case of non-consuming gas ratepayers, 447-52 ; *Smith* 1219—The profits are better made by a private company : the public are no losers, *Bramwell* 585-7—Large profits made by corporations trading in gas, compared with private companies, 595-608 ; *App. C.* p. 283.

(7.) As tending to prevent competition, *J. S. Forbes* 835.

(8.) As exposing the ratepayers' money to the vicissitudes of trade, *Bramwell* 429, 439 ; *J. S. Forbes* 835 ; *Lubbock* 1056-7—In the case of an artificial commodity, liable to fall in value by reason of the advancing discoveries of science and invention, the principle is a mistaken one, *Lubbock* 1034—Water is perhaps different, not being an artificial commodity, and being paid for not by the quantity consumed, except for manufacturing purposes, but by the rateable value of the houses, *Bramwell* 454-6—Objection that trading corporations become insurers of risks which it is not the business of a public authority to insure, *J. S. Forbes* 964—They run the risk of loss if their invention is superseded, *Lubbock* 1057-8—Question of what amount of demand would justify corporations in supplying electric lighting, *Morrison* 1688-94—Objections to supplying it to a few as a light of luxury, 1751-4.

(9.) As not doing the business as well as private companies, *Lubbock* 1056—not having the same inducements to enterprise, *J. S. Forbes* 831, 835—Witness not prepared to say whether this objection would apply to electric lighting, *Professor Forbes* 216—Local authorities would manage the concern perhaps more in the interests of the public, because they would not look for profit, but only to the interests of the consumer, *Cohen* 40—They may even deem it advisable to make a loss, 42—But companies certainly work more economically, and better in every way, 44-5—Does not advocate that the local authority do it, but that it should not shut the door against the possibility of doing it ; that is all the difference, 46—No fault to find with the management of their undertakings by corporations ; they certainly get the best dividends, *Bramwell* 639—And make larger profits in gas than do companies ; instances cited, 595, 608 ; *App. C.*, p. 283—Figures cited to prove that corporations manage gas undertakings more economically than private companies, *Smith* 1219.

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(b) *Powers of Local Authorities in regard to Electric Lighting :*

Power, under licenses, to stop the undertaking in seven years, *Bramwell* 388.

Provision in the Act of 1882 requiring consent of local authorities to applications for licenses, *Forbes* 969 ;—Would extend this to Provisional Orders, *Smith* 1408, 1410; *Dunscombe* 1479.

Would allow local authorities to be heard against Provisional Orders, but not give them an absolute veto, *Macdonald* 1134—Contrary opinion, *Smith* 1162, 1217; *Whiteley* 1527—Case of Tramways and Gas and Water Acts, *Smith* 1162, 1214; *Morrison* 1667—Would accept a conditional veto as an alternative, *Smith* 1232—Possible to conceive cases in which the power might be unwisely used, but not in large towns, which are practically governed by the ratepayers, 1258-9.

Would give a power of veto, subject to being overruled by the Board of Trade, as in the Gas Acts, *Calcraft* 2319.

(c) *Case of Gas-owning Corporations :*

A local authority having embarked large sums in gas lighting is not likely to change it for electric lighting, *Bramwell* 428, 457-69—The inhabitants would not care to sustain the loss in plant, &c., *ib.*—Believes this has been an impediment to electric lighting, 534-41—These corporations will probably do what gas companies do, i.e., be unfavourable to electric lighting, as being competitive, 850-1—There must be a tendency on their part to discourage any fresh invention, such as electric lighting, *Lubbock* 1054.

Provision in No. 2 Bill prohibiting corporations interested in gas or any other illuminant from interfering with electric lighting; approved, *Lubbock* 1055.

Importance of requiring consent of local authority; an electric company may take the best area and leave the corporation to supply gas to all the other non-paying districts, *Whiteley* 1531—A conditional veto is asked for, 1536.

No reason to fear that corporations unfairly regard electric lighting, or would veto it unreasonably, *Smith* 1162—No indisposition shown by the Birmingham Corporation to give facilities to electric lighting companies, though the Corporation itself declined to undertake electric lighting, *ib.*—The Corporation has shown its desire to promote them, 1201—Similar evidence as to Nottingham, *Johnson* 1584-8.

See also *Provisional Orders*. PURCHASE.

*Local Inquiry.* Regulation of Board of Trade for a local inquiry in case of opposition, by persons locally interested, to application for license or Provisional Order, *Smith* 1257.

*London.* Calculations as to electric lighting in the London club district, *Forbes* 202—An exceptional case, as regards electric lighting, gas being very cheap, but coals and power very dear, 215—Failure of Swan-Edison central station in Holborn, *J. S. Forbes* 858—Electric lighting by overhead wires in, *Preece* 1911.

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*London, Chatham, and Dover Railway.* Case of, considered in connection with purchase by State, *J. S. Forbes* 853-4.

*Lubbock, Sir John* (Member of the House of Commons). (Analysis of his Evidence) :

Is a shareholder in the Edison Swan Company and was then only a director of the Edison Company, 1031, 1074.

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Grave objections to empowering local authorities to acquire compulsorily, 1034—They ought not to trade in an artificial commodity, liable to fall in value by reason of advancing discoveries in science and invention, *ib.*—The sliding-scale and auction-clauses effectually protect the public against any material abuse of the position of the undertakers, *ib.*—Capital could be raised under No. 1 Bill, but a mere extension of the period of purchase will not suffice, *ib.*—It is desirable in public interest to facilitate electric lighting, and this can only be done by placing it on the same footing as gas, *ib.*

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The public look upon electric lighting very much as an experiment, 1068.—Believes that if there were a few companies paying fair dividends and a certain number of hours lit, capital could be raised on easier terms, *ib.*

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Believe that with either No. 1 or No. 2 Bill, it would be possible to give a fresh impetus to electric lighting, 1082.—Importance of giving favourable terms to electric companies, to enable them to compete with cheap gas, 1084.

*Luminous Paint.* Invention of, *Bramwell* 428.

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*Macdonald, Mr. John Matheson.* (Analysis of his Evidence.)—Is a partner in the firm of Messrs. Matheson and Company, merchants, Lombard-street, 1087.

Thinks the Act of 1882 would effectually deter investors, owing to the compulsory clause, 1088-90.—The period of the license is a minor consideration, the objection is to the terms of purchase, 1091-2.—They would sacrifice to a great extent the property of the Company, and insure their property being taken from them without any adequate remuneration, 1093-4.—Apart from legislation, however, it would be difficult, under present circumstances, to find capital for electric lighting, 1095.—It certainly could not bear the pressure of any adverse legislation, 1096.

The public, since the electric lighting craze of 1882, have become more alive to the difficulties arising from gas competition, 1097—and also to the scientific difficulties, *ib.*—Difficulty of raising capital towards the end of the term; if the undertaking was not sufficiently tempting to the corporation to buy it, it would be still less tempting to investors to put their money into it, 1098, 1111.

Prefers No. 1 Bill decidedly, 1099-1100.—Equally in the interests of the public as of investors, 1101.—Protection afforded by the sliding scale, *ib.* 1124.—Reasons for preferring it to compulsory purchase, 1106-7. 1146.—Doubts whether No. 2 Bill would attract capital at the present moment, 1102.—Under No. 3 Bill it would be impossible, 1103.—Does not speak from experience of any scientific undertakings of this sort, based on a new discovery, 1104.

Believes there is more danger at present of the public losing the electric light from unwillingness of capitalists to come forward than of any exorbitant profit being made by the capitalist, 1108.—Tendencies to scamp the undertaking towards the end of the period, 1112-16.—Extreme difficulty in estimating what would be an adequate sinking fund, 1117-22.—Proposal to fix a minimum dividend, 1128-31—and divide surplus profits beyond the public and the company, 1132-3, 1141-7.

Would allow corporations to be heard against Provisional Orders, but not give them an absolute veto, 1134.—Is not aware of the conditions under which Provisional Orders are granted, 1135.—Speaking without any scientific knowledge, would say (147—IND.)

*Macdonald, Mr. John Matheson.* (Analysis of his Evidence)—continued.

that the price of electric lighting is practically limited by competition; explains how, 1136—Thinks the capital might be defined, if thought desirable, in the license, 1137—Cites case of Government guarantee of Indian railways, 1138—No objection to inspection of books by a public accountant, on behalf of the local authority, 1139-40.

Question of adding a percentage on the value of the plant, in consideration of compulsory purchase, 1148—Does not think this a desirable plan; it would not tempt investors, 1149—The investor has too little data to go upon, in regard to compensation, 1150, 1157—Is opposed to compulsory purchase altogether, 1151-3.

Believes that if No. 3. Bill passes, electric lighting would be confined to those having a scientific or personal pecuniary interest in the matter, 1154—until the conditions of electric lighting are more accurately ascertained than at present, *ib.*

*Mains* (for Electric Lighting). Great cost of, in suburban districts, in proportion to the number of lights used, *Crompton* 344—Question of valuation, in regard to possible invention of a cheaper material, *Bramwell* 514.

Does not think the cost of mains depends entirely on what electrical system is chosen, *Bramwell* 677—If a limit is put to the number of volts at which electricity may be sent through the mains, there is no particular system which could alter the size of the mains required, *ib.*

As to an equivalent being given to corporations for way-leave under the streets, the mains will be rated, *Bramwell* 728—Electric mains will probably necessitate subways, thus reducing to *nil* the disturbance of the streets, *Crompton* 314, 332-6—The disturbance would be considerable, but less than in the case of gas and water companies, *Morrison* 1739-41.

Cost of, forms a heavy item in original outlay; believes they are more expensive for electric lighting than for gas, *Armstrong* 2182—Great difference between the size of mains in the old and modern systems, *Brougham* 2362—It is possible now to work the whole series off one single main, 2366-7—Question of increasing size of mains to meet a sudden increase of demand, 2370.

Enormous diminution since 1882 in the prime cost of, *Brougham* 2405, 2429—Method of stopping connection between a house and supply main, 2385-7, 2421-3.

See also *Streets. Works and Plant.*

*Manchester.* High price charged for gas by corporation of, *Bramwell* 595, 602; *App. C. p.* 283—Origin of the management of gas by the corporation, *Bramwell* 641-2.

*Maximum Dividend.* See *Dividend.*

*Maximum Price.* See *Price.*

*Mersey Tunnel.* Lighting of, *Shoolbred* 2480.

*Meters.* The system quite applicable to electric lighting; Edison's meters in America are an example, *Bramwell* 565-9—Importance of an efficient meter to check consumption, if the consumer may use what lamp he chooses, *J. S. Forbes* 941-5; *Prof. Forbes* 1896—Believes there is a meter which would work well, but speaks with diffidence, *Lubbock* 1039.

There are meters for electric lighting which, being subjected to the ordinary tests, like a gas meter is, and found to satisfy those tests, are practically applicable, *Prof. Forbes* 1892—Thinks they are very much more accurate than gas meters, 1893—Various systems of constructing meters, 1894-5, *Preece* 2066-7.

There are several efficient meters, as found in America; witness uses one in his own house, *Preece* 2063—They are right within one per cent., which is more accurate than gas meters, 2064.

*Metropolitan Bridges Act* (1877). Section 6 referred to in regard to consideration payable for toll-bridges, *Bramwell* 405—The section understood to include future profits, 710.

*Meyssey-Thompson, Mr. Albert Childers.* (Analysis of his Evidence.)—Evidence as to interpretation of Clause 3 of No. 3 Bill as amended, 2328-53—Question whether overhead wires requesting no privilege from the local authority are to be included in the purchase clause, 2330—Opinion that, as the clause stands at present, the Board of Trade might order removal, on grounds other than those of public safety, *ib.* 2331—Refers to Mr. Calcraft's evidence on this point, 2331-2—Believes the clause would apply to any case where any electric line is, or may be laid down or erected, 2333.

The power of removal would be absolute, 2339—Reason for the provision; without it the Act would be a dead letter, for no person would ever go for a license, Provisional Order, or special Act at all, 2340—Question of interference with wayleave, 2341-4—The Board of Trade would have no objection to limit power of removal to such

## Report, 1886—continued.

*Meysey-Thompson, Mr. Albert Childers.* (Analysis of his Evidence)—continued.

such cases as they are of opinion a license, Order, or special Act ought to be applied for, 2343—Similar restrictions ought to be placed on telegraph lines and telephone wires, not to interfere with the electric line wires, 2345.

Importance of regulating overhead wires, especially since the decision in the Wandsworth case, 2350 — The protection of public safety alone is not enough; the Board of Trade requires powers to deal with conditions of supply, price, fraudulent preference and so forth, 2351—Admits that if the clause passed as it stands, the Board could order the Grosvenor Gallery to pull down all their works, without assigning any reason whatever, 2352-3.

*Monopoly.* The monopoly of the gas companies is not detrimental to the public, *Gibbs* 140—It has worked well, having led to improvements in the quality and price of the gas, *Crompton* 324—The New River monopoly has been advantageous to the public, *Gibbs* 155-6.

Question of No. 1 Bill creating a monopoly of electric lighting; cannot see that there is one; the electric lighting will rather reduce the monopoly of gas companies, by furnishing a second source of illumination, *Crompton* 309-10; *Bramwell* 734.

No electric lighting company, having got a Provisional Order, could plead any right of monopoly, *Crompton* 311-12—If so, it could easily be prevented; it is a mere matter of drafting the Order, 313—The companies, no doubt, would practically have a monopoly, but only so long as they behaved themselves, 323—The thing to do is to guard against abuse, 326—In regard to the use of the streets, an electric lighting would have practically no more a monopoly than is given to water, gas, and telephone companies, *J. S. Forbes* 993.

Corporations should have compulsory powers to purchase any monopoly that Parliament chooses to create, *Smith* 1196, 1361-4—Electric lighting companies are virtually a monopoly, partly because they have the right of breaking up the streets, 1362-3—and partly because it is very unlikely that the Board of Trade would grant two Orders for the same district, 1197, 1364—A monopoly is unobjectionable when in the hands of the people themselves through their constituted representatives, 1367-9—Instance of the Birmingham Corporation in respect of gas and water, 1307-9.

Ruinous expense to corporations in buying up gas and water monopolies; instance of Blackburn, *Whiteley* 1528, 1551—Objection to purchase as a 'going concern,' for it means paying for the monopoly, 1560; *Morrison* 1664-5—When an electric lighting company has once got its mains and got its plant under the highway, it has practically got a monopoly, 1661—And No. 1 Bill creates a monopoly in perpetuity, 1662, 1738, 1798—Sees no objection to a monopoly for a limited time, especially if guarded, as in No. 3 Bill, by giving corporations a limited power of veto, 1723-7—Question of allowing a monopoly for thirty years, 1728-36—Is not averse to this, being desirous that the electric light should be established, 1795-7—Draws a great distinction between a monopoly for a limited period to help forward a great improvement, and a monopoly in perpetuity, 1861, 1876-8.

Monopoly of large filament incandescent lamps conferred on the Swan-Edison Company by a recent decision, *Armstrong* 2188.

Question of gas-owning corporations opposing electric lighting as interfering with their own monopoly of gas-lighting, *Calcraft* 2272.

*Morrison, Sir George.* (Analysis of his Evidence):

Is Town Clerk of Leeds, 1634—Appears to oppose No. 1 and No. 2 Bills, and to support No. 3 Bill with a slight modification, 1651—Represents 171 corporations, *ib.*

Abandonment of Provisional Order by the town council, owing to conditions of compulsory supply, 1635—Experiments by the council in electric lighting, 1636-9, 1670-6—Purchase and management of the gas and water undertakings, 1640-50, 1761-79.

Ascribes the failure of electric lighting mainly to the impossibility of competing with gas as an illuminant, 1652, 1655—Also to sense of insecurity in the market, owing to many of the electric lighting companies having been in the hands of speculators, 1656—Moreover, a great deal of money has been paid for patents which turned out valueless, *ib.* 1756—Believes that capital will be found directly the electric light can prove itself a commercial success, 1657—But this will not be until it can compete with gas, or very nearly so, 1658—Anticipates improvements in electric lighting; experiments are going on every day, 1659.

Objects to No. 1 Bill as not giving to corporations compulsory powers of purchase, 1661, 1663—The power to break up the streets gives a company a practical monopoly, *ib.* 1713-7—And there is no *quid pro quo* given to the corporation, who do not  
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*Morrison, Sir George.* (Analysis of his Evidence)—continued.

charge for any easement, *ib.* 1805-10—No. 1 Bill practically creates a monopoly in perpetuity, 1662.

Objections to No. 2 Bill, 1664—The main objection is to the going concern clause, 1665.

Impression among the public that under the Act the corporations could purchase at 'old iron price,' 1666—Believes this idea has retarded electric lighting, *ib.*—Desires that corporations should have a limited power of veto, as is given in the Gas and Water Facilities Act, 1667—The Board of Trade should, if necessary, lay their reasons before Parliament, 1669.

Question of transmission of power by electricity, 1681—The compressed air and hydraulic power Bills are supported by the corporation, 1671-81—Reasons for so doing, 1683-7—They would take up electric lighting if they could make it an illuminant of general use at about the price of gas, 1688-92—The question of price depends rather on the inherent value of the commodity than on legislation, 1695.

Improvements can be got by private installations; the streets ought not to be utilized for the purpose, 1696, 1704—Does not think the public will find money for electric lighting till they are pretty sure that it will cut out gas as an illuminant, 1697—There can be no general demand unless its price can be reduced very nearly to that of gas, 1698—Except perhaps in the wealthy parts of London, *ib.* 1700-3—Does not admit that legislation is an obstacle, 1706-7—If it has been, the Corporations are prepared to extend the term of purchase to thirty years, 1712.

Objections to giving a monopoly to electric lighting companies, 1721—There is no reason why the electric light should not be in the hands of the Corporations, *ib.* 1730—Believes that it will ultimately supersede gas as an illuminant, 1722—Is prepared to allow electric companies a monopoly for thirty years, 1725, 1795—but not in perpetuity, 1727, 1735—Objects to exorbitant prices paid by local authorities where there is no compulsory power of purchase, 1728.

Objects to a Corporation supplying the electric light as a luxury to a few, 1751-2—Objects entirely to Corporations trading, unless under express statutory powers, 1753—Believes that capital might be invested profitably, in certain choice districts, by capitalists, 1755—At present there is a feeling of disquiet among them, 1759.

Harassing conditions on large public bodies imposed in the past in regard to gas, 1803-4—Question of proper terms of purchase, in relation to dividends, 1810-6—The plant is to be valued as a going concern, 1817—The Corporations would consent to an extension to forty-two years on the terms of the Government Bill, 1827.

Competition of electric lighting with gas, 1836-46—Question of raising fresh capital towards the end of the period of purchase, 1869—The Government Bill would attract capital if it is desirable that capital should be attracted, 1870—The other Bills would be more likely to attract money, but it would be the money of speculators or of persons scientifically interested, *ib.*

*Mossley.* Transfer of gas undertaking to Corporation of, *Bramwell* 448.

*Motum, Mr. Hill.* (Analysis of his Evidence.)—Is Town Clerk of Newcastle-upon-Tyne, 1609—Agrees generally with the evidence of Mr. Whiteley and Mr. Johnson, 1610-11—And of Mr. Smith, so far as it applies to a non gas-owning corporation, 1612—Appears against Bills, No. 1 and No. 2, and in favour of Bill No. 3, with a modification, *ib.*

Accounts for electric lighting not having become more general by the depressed times since 1882, and the hesitation to accept Provisional Orders with the compulsory supply clause insisted on by the Board of Trade, 1613—This clause caused the Newcastle Corporation to abandon their Order, 1614-6.

Question of compulsory purchase deterring improvements; whatever improvements were made would be taken into account when the undertaking is purchased, 1616—If the period is so short in which the money is expended that it would be difficult to raise capital, there would be no great harm in the improvement not being effected, say for three years, 1617—The question of plant would be one for valuation, 1618-9.

Does not believe that the Act of 1882 has deterred investment of capital; the electric light companies have not sufficiently brought it before the public, 1621—Thinks that No. 3 is enough to attract capital, 1623—Because similar undertakings, like tramways, have attracted capital all over the country, 1624—Electric lighting, to succeed, need not compete on level terms with gas; it is such a valuable light that there is sure to be a demand for it, 1625—And when there is, it will be supplied, *ib.*—Question of what price must be charged, 1626-33.

*Municipal Corporations.* See LOCAL AUTHORITIES.

*Museums.*

## Report, 1886—continued.

*Museums.* Use of the electric light in art galleries at Nottingham, *Johnson*, 1584-6—Memorandum as to electric lighting at certain museums in London, *App. E.*, p. 286.

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*National Portrait Gallery.* Electric lighting at, *App. E.*, p. 285.

*Newcastle-upon-Tyne.* Abandonment by Corporation of application for electric Provisional Order, in consequence of compulsory supply clause, *Motum* 1614-15—Electric light, how far used at present at, *ib.* 1616—Telephone experiments at, in connection with electricity, *Preece* 1912, 1938-40.

*New River Company.* Referred to as an advantageous monopoly, *Gibbs* 155-6.

*New York.* Statistics of Central Station lighting at, *Bramwell* 561-3; *App. A.*, p. 281; *B.*, p. 282—The system absolutely satisfactory, *Bramwell* 561—House-to-house inspection to ascertain number of intending customers of electric light, *ib.* 737-43.

*Nottingham.* High price charged for gas by Corporation of, *Bramwell* 595-602, *App. C.*, p. 283—Gas undertaking by Corporation, *Johnson* 1566-72—Consequent reduction in price of gas, 1574—Water undertaking by Corporation, 1566, 1573, 1575—Use of electric light at, 1584, 1601-8—but with, financially, a very adverse result, 1585.

*Nuisance.* Difficulties of lighting private houses by electricity, in regard to possible nuisance of dynamos to the neighbourhood, *Bramwell* 551—The nuisance, even from a central station, is not as bad as that from a printing office, 591-3, 720—and is not comparable to gas-works, 722.

Nuisance experienced from overhead wires, *Johnson* 1589—Need of regulations in the interest of the Post Office and Telephone Companies, *Preece* 1913—Powers of Post Office in respect of companies complying with Board of Trade regulations, *Hunter* 2126.

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*Oldham.* High price charged for gas by corporation of, *Bramwell* 595-602; *App. C.*, p. 288.

*Overhead Wires.* Powers obtained by Nottingham Corporation to prevent erection of overhead wires without consent, the wires becoming a nuisance and dangerous to the public, *Johnson* 1589-91—Large use of, in America, *Preece* 1906—Frequency of accidents, especially fires, caused thereby, 1907-8—Use of, at present, in England; examples given, 1911.

Disturbing influences caused by, *Preece* 1912—Need of regulations in this respect, 1913-26, 2057-9—*Per se* there is no objection to the overhead system, but it requires proper restrictions, 1948, 1950—Undue powers enjoyed at present by "marauding" companies, 1912, 1962—Regulations on the Continent; case of Tours, 1956, 1979, 1983-5—Dangers of fire considered, 1994-2003—Does not apprehend any danger from diagonally laid wires falling across the street; there are only two accidents of that kind recorded, 1986-91, 1992.

Further powers required by the Post Office to guard against damage by induction, *Preece* 1957—Difficulties of the Post Office in getting consent for erection of single wires, 1962—Need of protection against undertakers outside the Act, 1969-72, 2015-6—Effect of the decision in the Wandsworth case, 2014-5, *Hunter* 2074-5; *Meysey-Thompson* 2350.

Proposed new clauses enabling the Postmaster General to interfere with works "injuriously affecting" the Post Office wires, *Hunter* 2071-6—Their object is to meet the case where there is no statutory authority, 2077—Comparatively few overhead wires belong to the Post Office; most of them belong to the telephone companies, 2132—Powers of Board of Trade as to removal, in amended Clause 3 of the Government Bill, *Meysey-Thompson* 2328-31; *Calcraft* 2284-7.

Question of danger from breakage; how avoidable, *Brougham* 2378-81—Arrangement for preventing danger from fire, 2382—There is plenty of space for competing wires, 2402-3—Weight of wires considered, 2416-20, *Preece* 1989.

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*Paddington Station.* Electric lighting at, *Bramwell* 721; *Smith* 1263-6; *Morrison* 1659, 1747, 1848.

*Patents.* Amounts paid for patents to inventors, *J. S. Forbes* 809-15 — Purchase of, forms a legitimate part of the cost of a business, 821 — Difficulty caused by, in case of compulsory purchase, *Lubbock* 1080 — Losses caused by sale of useless patents, *Morrison* 1756-8 — Consequent feeling of disquiet among capitalists in regard to electric lighting undertakings, 1759.

Objection to the value of patents being included in the terms of purchase, 1491-3.

*Paterson and Cooper, Messrs.* Contract for electric lighting at Leeds, *Morrison*, 1638.

*Penalties.* General objection to penalty clauses for non-supply of electricity, as being obstacles to the undertaking, *J. S. Forbes* 935-40.

*Penny, Mr. Alfred.* His estimate of the structural value of the gas works at Blackburn, *Whiteley* 1528.

*Petitions.* List of Petitions respecting Nos. 1, 2, and 3, Electric Lighting Bills, *Rep.* iv, v, vi.

*Phoenix Rules.* Value of, as minimising the danger arising from fire, *Brougham* 2388-91.

*Plant.* See *Works and Plant*.

*Post Office.* Necessity of protecting the Post Office wires against "marauding companies," who act without statutory powers, *Preece* 1913-7, 1926, 1959-64 — Clause 2 of Post Office Regulations referred to, 2006.

Section 26 of the Act of 1882 was put in for the protection of the Post Office, *Hunter* 2070 — — The amended clauses brought in by Lord Houghton meet their requirements, 2071 — Object of the clauses stated, 2072 — Sub-section 2 of the new Clause 3 would empower them to remove previously existing wires, if "injuriously affecting" those of the Post Office, 2079 — This is quite fair in public interests; the power would never be abused, 2080-4 — Question of modifying the clause to guard against arbitrary action, 2085.

Decision, in 1880, in favour of Post Office, that a telephonic communication was a telegraph, 2111.

Powers of, in respect of wayleaves, 2130 — The Post Office have comparatively few overhead wires; witness does not think they ever erect poles without consent, *ib.* 2133.

See also *Electric Lighting Act (1882) Amendment (No. 3) Bill (1886).* *Overhead Wires.*

*Preece, Mr. William Henry.* (Analysis of his Evidence.) — Is a Fellow of the Royal Society and Electrician to the Post Office, and has taken a deep interest in electric lighting, 1901-2 — Has watched its progress in every country, and been present at every exhibition of recent years, and written a good many papers on the subject, 1903 — Visited America in 1884 to inquire into the various systems in that country, 1904 — Uses the electric light in his own house, 2019-20.

Frequency of accidents from overhead wires in America, principally from fire, 1905-8 — Marvellous development of central station in that country, 1909 — The advance of electric knowledge in England has been very great, but in practice the development of industry has been very slow, 1910 — Instances of central station lighting in England, 1911.

Some active legislation is now necessary to impose rules on "marauding" companies, and prevent them from becoming a nuisance, 1912 — Disturbances to neighbouring telegraphs and telephones by overhead wires without proper regulation, *ib.* 1913 — But does not desire such legislation to be retrospective, 1914 — Companies without statutory powers are at present subject to no restrictions, 1916 — Some protection against them is absolutely necessary on public grounds, 1917.

Evidence as to effect of the new Post Office clauses, 1918-25, 1950-1, 1957 — Disturbances to telephones could be obviated by means of a metallic circuit, which would allow the electric current to be taken practically anywhere, 1927-8 — Importance of requiring proper insulation to prevent fire, 1929-31.

States experiments made near Newcastle to ascertain the distance to which electric disturbances to telephones could be heard, 1912, 1936-42 — As to dangers to firemen, precautions could be taken at the central station; the dangers are very remote, 1943-6 — Has

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*Preece, Mr. William Henry.* (Analysis of his Evidence)—continued.

—Has no objection to overhead wires, provided they are laid under restrictions, 1950  
 —Whether by Post Office, or Board of Trade, or Act, is outside the question, 1954  
 —The conditions are at present fulfilled, but it is necessary to take precautions against those who might not put the wires up in a thorough manner, 1959.

Explains how companies outside the Act have more power than those under the Act, 1962—Question of underground wires, 1975-8—Regulations at Tours respecting overhead wires, 1979-85—Apprehends no dangers from falling wires; has only known two cases of accident in the case of telegraphs, 1986, 1992—The wires are better placed at right angles; those for telegraphs and telephones are as light as fishing-lines, 1987-8—There is no danger of the wires falling from rust or decay, 1993.

Possible danger from a highly insulated electric wire falling across a telegraph wire; explains how, 1997—Two ways of removing telephone wires from the danger of receiving induction, 2000.

Evidence respecting Clause 2 of the Post Office Regulations, 2006-8—Question of a person being able to run a wire across the street from his house to his warehouse, 2007-12—And of fixing an installation to light his house, 2013—Admits that the present liberty given by the decision in the Wandsworth case is curtailed, 2014-5—The Post Office want to prevent the possibility of being forced to use the common law when the mere insertion of a clause will effect the same object, 2015-6.

Believes, as the result of experiments, that it is impossible to produce electricity for lighting purposes at a cost less than double the price of gas, 2022-6—Where gas is dear, coals are dear, and therefore power (for electric lighting) is dear, 2027—Sanitary advantages of electric light over gas, 2029-30—Coal, if turned into electric light, will supply twice the amount of illuminant compared with its being used in the form of gas, 2036—Reason, nevertheless, why electric light is twice the cost of gas, 2037.

Disagrees with statement that there have been no material improvements since 1882 in electric lighting, 2044—They have been very considerable indeed, *ib.*—The cost of dynamos is reduced one-third, and the invention of secondary generators bids fair to revolutionise the distribution of electricity, *ib.* 2045—There is very little room for further improvement, except as regards reduction in cost, *ib.* 2045—Scarcely anticipates, however, that with our present knowledge, electric lighting can compete with gas, 2047-50—Believes it is quite possible to fix the price of the electrical unit, 2055—and therefore to apply the principle of the sliding-scale, 2056—The cost of the electrical unit now is distinctly lower than it was four years ago, 2062—Probability of speculative companies springing up, to the annoyance and trouble of the Post Office, unless proper powers of regulating the wires are granted, 2058—The object of the new clauses is simply to protect the public wires, 2059—There are several efficient meters for electric lighting, even more efficient than gas-meters, 2063-4—They are constructed on various systems, 2065-7.

[Second Examination.]—Re-examined as to possibility of fixing the value of the electrical unit at present, 2226—Owing to great probability of improvements, the price would have to be varied in a few years, *ib.*—The calculation assumes a known area, and a known system, *ib.*—Uncertainty of consumption is the great difficulty in electric lighting, 2228, 2343-6—Experience that the demand is progressive, 2229.

Very difficult to fix a standard price with our present knowledge, and very difficult to work a sliding scale satisfactorily, 2230—Question of a sliding scale, 2232-6—Suggestion that the Board of Trade should have power, after an interval of time, to revise the standard price, if found incorrect, 2241.

Ascribes reductions made in price of gas to improvements in production, 2247—Electricity is simply in its infancy and requires development, 2248.

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Difficulty of electric lighting companies under No. 3 Bill; they must either charge so high a price that nobody would desert gas for them, or so low a price that it would not pay them for the risks and give them a reasonable profit, *Gibbs* 118—If electric lighting companies did charge a higher price than gas, they would give an additional equivalent for it, *Forbes* 213—The superior advantages they offer will enable them to charge a price somewhat higher than the present price of gas, without driving customers away, *Crompton* 304.

Question of allowing increased dividends on condition of reducing the price, *Cohen* 39, 99.—See *Sliding Scale*.

Persons who now pay for lamps or candles in preference to gas, would willingly pay the higher price needed for a light of luxury, *Bramwell* 378, 391.

Probability of cheapening of price by invention of better lamps, *Brougham* 2374-5.

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There is only one important item that may possibly diminish the price; that is the actual cost of the lamps themselves, *Forbes* 266, 275—Mr. Forbes has not sufficiently considered the possibility of a more economical lamp, one that would give a greater return for what is put into it in the form of light, *Brougham* 2374—Before reducing the price there are two things to be considered, the reserve fund, and the necessary amortization of capital, which would be dependent on the conditions of re-purchase, *Cohen* 23.

Electric companies could not sell at the price now charged by the gas companies, *Lubbock* 1034—They must sell, to compete, at the lowest price that will pay working expenses, *ib.*—Electric light cannot be produced at a cost less than double the price of gas, *Preece* 2022—It is essential that the public should not pay too high a price for the electric light, *Calcraft* 2300—Not necessary for electric lighting to compete in price with gas, save in exceptional cases, *Morrison* 1709.

See also *Cost. ELECTRIC LIGHTING. Gas Lighting.*

(a.) *Question of a Standard Price for Electrical Unit.*

(b.) *Maximum Price.*

(a.) *Question of a Standard Price for Electrical Unit:*

Proposal in No. 1 Bill to introduce the method of the sliding-scale, based on the price of the electrical unit, *Forbes* 273—A sliding-scale assumes a standard price, *Bramwell* 678, 752.—See *Sliding Scale.*

Opinion that it is quite possible to fix a price for the electrical unit, *Forbes* 273; *Crompton* 343; *Bramwell* 628; *Preece* 2055, 2060, 2226—Assuming that all the conditions are known, *Armstrong* 2214—Scarcely able to give a decided opinion, *Lubbock* 1045.

Difficulties in fixing the standard price arising from uncertainty of consumption, and the high interest on first cost, much higher than with gas, *Armstrong* 2174-6—If an installation be a very large one, and the consumption large, the price might be half what it might be where the consumption is small, 2184—Conclusion that to fix the price, one must know the consumption, 2185, 2203-4.

The difficulty is to determine the consumption, and therefore the plant, *Preece* 2235—There is no difficulty in saying how much we can produce a given amount of light for, provided we have no other expense; but, in addition to that, we have to say how much more is to be charged for the light to meet the expenditure of interest *Armstrong* 2218-2221.

The price per unit must depend on the special circumstances of each case; what would be a high price in one case would be a low price in another, *Brougham* 2371—It is quite possible to fix a price of production, given a certain plant, irrespective of consumption or interest on capital, 2372.

Believes the price for the electrical unit could have been fixed at the same figure in 1882 as now, *Forbes* 274—Improvements may take place any year which will vary the price, *Preece* 2060—And probably lower it, 2061—The cost of the electrical unit is already lower than it was four years ago, 2062—A smaller price than in 1882 would now pay, *Brougham* 2404.

The price is fixed by the Provisional Orders under the Act of 1882, *Bramwell* 630—Difficulties revealed by practice, such as vibration, legal processes, &c., which were not considered in the estimates on which the price was fixed in the Provisional Order for the Holborn installation, caused that Order to be abandoned, *J. S. Forbes* 863—Question of chances of success under the limitation of price as fixed by Provisional Orders, *Smith* 1414-7—It is perfectly competent for the Board of Trade either to so increase or reduce the price as to enable companies, started with a fair chance of success, to pay 10 per cent. when fully developed, *Dunscombe* 1490, 1505.

Question of subsequent revision of standard price by Board of Trade, if found to be originally incorrect, *Preece* 2232-42—It would be difficult for the Board of Trade to do this, and the companies would not like it, *Calcraft* 2305—It proved unpopular in the case of the London gas companies during the great coal famine, 2307.

Question of forecasting the cost of an electrical undertaking and amount of capital required, before fixing the price, *Bramwell* 661-77—Futility of allowing companies to charge such a price as will enable them to recoup their capital in the time limited; they will be compelled to go down to the lowest price to get customers at all, 786.

The number of hours is one of the ruling factors in fixing the price for the electric light, *Forbes* 215; *Crompton* 344—Calculation that if the number of hours were as 1,000 to 3,000, the difference in price per unit of light, as compared with gas, would be very little more than half in the latter case, *Forbes* 215, 219-24.

Impossible

## Report, 1886—continued.

## PRICE—continued.

Impossible to fix an initial price in electric lighting; the Board of Trade does not authorise one in the case of gas undertakings, *Calcraft* 2252—Importance of fixing the standard price accurately; it is everything, because if too high it enables the companies to pay very high dividends, and if too low, it is very unfair on the companies, *Calcraft* 2308—Prefers to leave the companies free, subject to a maximum price, as fixed by Provisional Order, 2309-10.

Question of fixing a standard price too high, *Bramwell* 754-67—It is not so bad to the consumer to have an erroneous standard price as it is to have an erroneous maximum price; reasons why, 784-5—Calculates that 8 d. per electric unit would pay; it was the price fixed in the four London Provisional Orders applied for by the Edison-Swan Company, *Crompton* 343.

Calculation that 8 d. per electrical unit is equivalent to gas at 7 s. per 1,000 cubic feet, *Crompton* 362, 365-7—Estimate of expenses, taking 1,000 volt-amperes as a unit, *Bramwell* 633—1,000 volt-amperes are equivalent to 280 standard candles, *Armstrong* 2217; *Shoolbred* 2466—7 d. was a very common figure for the electrical unit mentioned in many of the Provisional Orders, 2468—Taking it at that, the gas would stand at 6 s., but that would represent the whole of the results of the consumption of the coal, *ib.*—Allowance must be made for residual products, which diminish the actual price of the unit of electricity, 2469-73—Under certain conditions, stated, electricity could be supplied more cheaply than gas, 2493-9.

(b.) *Maximum Price:*

Gas legislation showed that a mere maximum price, coupled with a maximum of profit, did not answer; it was no incentive to improvement, *Bramwell* 419, 421—Hence the sliding-scale was invented, 421.

Objection to a maximum price, as enabling an enormous profit to be made by corporations, in alleged mitigation of the rates; instance cited, *Bramwell* 448—But, if there is no sliding-scale, there must be a maximum price, 754 5, 762—An error in the maximum price is more harmful to the consumer than an error in the standard price, 766, 784—Disbelief in the maximum price having been fixed very high in the interest of the electric companies; the thing was fought out, farthing by farthing, 783.

Suggestion for revision of the maximum price of production every two or three years by the Board of Trade, *Preece* 2235—It would be a kind of sliding scale, *ib.*

**Private Installations.** Progress in isolated installations since 1882, *Bramwell* 374—Difficulties in the way of private installations, 374, 391-5, 530-4—Bad effect of restrictions in Act of 1882 in causing private installations to be made, which are withdrawn from the supply of the companies, 775—The number of private installations, with all their difficulties, shows that the public are quite ripe for central station lighting, 556.

Expenses of private installations in clubs, *Bramwell* 374—The co-operative system recommended, *Forbes* 225; *Morrison* 1701, 1705.

No difficulty in electric lighting by detached installations on a moderate scale, *Crompton* 303—But difficulties will crop up in house-to-house lighting on a large scale, *ib.*—Ample opportunities for experiment and improvement given by private installations, without utilizing the streets for that purpose, *Morrison* 1659, 1696.

Private installations at hotels, a proof of the popularity of the electric light, *Bramwell* 374, 382—They are used as an advertisement and a luxury, *Smith* 1384—Private installations at Tilbury, *Crompton* 303—Instances in London, *Bramwell* 554, 555.

**Provisional Orders.** Distinguished from licenses, *Bramwell* 388—All but one of the Provisional Orders obtained in 1883 for electric lighting have been abandoned, 380—Enormous expense of obtaining them, considered as a preliminary outlay, *J. S. Forbes* 823—They so bristle with penalties and limitations, in the case of electric lighting, that capitalists will not look at them, 852—Reasons given to Board of Trade by the Swan-Edison Company for not being able to carry out certain Orders, 863-4—Special objections raised by capitalists to these Orders, 934-40—The objection to, lies practically in Section 27 of the Act, *Lubbock* 1046.

Advantage of, from facility of getting them through Parliament, *Lubbock* 1046—Difficult to dispense with them in carrying out the provisions of a general Act, 1047—If they could be dispensed with, it would save the promoters very heavy expenses, 1049.

Applications for, should be subject to the consent of the local authorities, *Smith* 1162; *Dunscombe* 1479—Corporations ought not to have an absolute veto, *Macdonald* 1134.

*Provisional Orders*—continued.

Terms on which Orders for electric lighting are now granted by the Board of Trade, *Smith* 1214—Rule of Board of Trade as to hearing parties, 1257—Practically they will not grant more than one Provisional Order for the same district, owing to inconvenience of breaking up streets, *Morrison* 1718.

Abandonment of, by electric lighting undertakers, ascribed to the compulsory supply clause, *Motum* 1612, 1615—Instances of Orders in abeyance owing to the Act of 1882, *Shoolbred* 2442-4—Question of deposit by undertakers; this does not apply to corporations, 2450-1.

**PURCHASE :**

(a.) *Question of Optional or Compulsory Purchase.*

(b.) *Period of Purchase.*

(c.) *Conditions of Purchase.*

(a.) *Question of Optional or Compulsory Purchase :*

Thinks there should be a power of compulsory purchase at some time not too proximate, from a State point of view; would give it after a time as a going concern, *Cohen* 15, 17, 19, 36—No objection to compulsory purchase, supposing the time is remote enough, *Bramwell* 412, 622; *J. S. Forbes* 953; *Gibbs* 130-1.

Difficulties under compulsory purchase with regard to leasehold property, *Bramwell* 488-90; *J. S. Forbes* 976-9—In respect of loss occasioned by severance, *Bramwell* 501—In cases of one central station supplying different parishes, 491-500.

Powers of compulsory purchase in the Tramways Act of 1870; the case not analogous to that of electric lighting, *Bramwell* 480-7.

Objects to purchase by agreement; costly experience of corporations in case of gas and water, *Smith* 1162, 1194, 1357—They do not wish to repeat that experience with electric lighting, 1349, 1358-9; *Whiteley* 1528-9—Local authorities ought to have compulsory powers to purchase any monopoly, *Smith* 1361—Exorbitant prices paid to companies where there is no compulsory purchase; the London water companies an instance, *Morrison* 1728.

Objection to compulsory purchase, on the ground that local authorities are better out of the matter altogether, *Gibbs* 126; *Lubbock* 1034, 1055.

Objection to compulsory purchase as tending to starve the undertaking towards the end of any fixed period, *Crompton* 317-8; *Bramwell* 729—Difficulties of finding new capital towards the end of a concession, *Macdonald* 1111-3—Investors would either not find it, or ask for a large annual return upon it, 1114.

Objection to compulsory purchase altogether, as penal, and therefore deterrent to investors; they feel that if the undertaking is successful, it will be taken from them, *Macdonald* 1094, 1153—And if unsuccessful, it will be left on their hands, *Bramwell* 692—Contrary opinion; assuming operations are not begun until electrical science is more developed, the undertakers might make a very good profit under the Government Bill, and get their money back with a percentage, *Smith* 1226, 1299, 1344-6.

Disbelief in compulsory purchase having deterred the investment of capital, *Motum* 1621—Reasons why it should not prevent companies from making improvements, 1616—They would be taken into consideration in the valuation, 1617-19—View of the Board of Trade that purchase by the local authority should be compulsory, and not by private agreement, *Calcraft* 2313-4.

See also *LOCAL AUTHORITIES.*

(b.) *Period of Purchase :*

The period should be long enough to give a fair opportunity for the undertaking to have developed into a profitable one, *Bramwell* 412, 622—and to enable one to ascertain by reasonable experience what is the real value of the thing which has to be sold, *J. S. Forbes* 953; *Cohen* 93—The concern must have been going long enough to prevent its future being a matter of guesswork or speculation, *Bramwell* 622—What is required is such a time as gives a reasonable chance of developing the concern into efficiency, *J. S. Forbes* 824—And enabling its real normal value, including all improvements, to be ascertained, 800.

In any fixed period, a deduction must be made for the time necessary to acquire connection, &c.; the minimum for this is three years, *Cohen* 9—The undertakers would have to work for four or five years at a possible loss, *Lubbock* 1034.

Twenty-one years are too short, *Lubbock* 1034—Case of a company which at the end of 21 years was only paying 3 per cent.; thinks the risk of this not at all unlikely, *Bramwell* 687—Instances in which this period failed to get capital, *Crompton* 290, 328-9.

Assuming

*PURCHASE*—continued.

Assuming purchase as a going concern, 21 years might perhaps enable the normal value of the undertaking to be ascertained, *J. S. Forbes* 914—If electric lighting is to go on, it will have to develop something like safe ground in 21 years, *ib.*—This assumes prospective profits being taken into account, 917—Believes the term is quite sufficient to attract capital, *Smith* 1219—Disbelief in any lengthening of the period being able to attract capital in the present state of electrical science; the length of time has not much to do with it, 1206.

See also *Electric Lighting Act*, 1882.

Thirty years, and in certain cases 42; terms of No. 3 Bill cited, *Bramwell* 399—This extension is insufficient as a remedy, *Gibbs* 115; *Bramwell* 400; *J. S. Forbes* 824; *Lubbock* 1034, 1042—Declaration of the Government, through Lord Houghton, as to their meaning and intention, 400—The declaration criticised, *J. S. Forbes* 801; *Lubbock* 1034.

Forty-two years would be sufficient to attract capital, but not on the present terms of purchase, *Cohen* 53-4—Not long enough to enable the outlay to be recouped, *Forbes* 245—Contrary opinion; it will be quite enough when electric lighting is more developed; objects to any further extension, *Smith* 1458—The period is sufficient, without any going concern clause, *Dunscombe* 1502.

No objection to extend thirty to forty-two years, provided the subject-matter of purchase remains as fixed by the Act of 1882, *Smith* 1162, 1219, 1278-82—But forty-two years is an unnecessarily long period, as a rule, though it may be proper under certain circumstances, 1199, 1255—Should be sorry to see the thirty years' limit extended, *Whiteley* 1520—It will be enough to compensate companies, when electric lighting is more advanced, *Morrison* 1822.

See also *Electric Lighting Bill*, No. 3.

The periods of recurrent option objected to as unfair; it means buying a successful concern and leaving an unsuccessful one on the undertakers' hands, *Bramwell* 692—And is prohibitive of new capital, 780—The option should be exercised once or not at all, 691—The seven years' period in the Act is absolutely illusory, 400—and a mere extension to 10 years is useless, 401, 691.

(c.) *Conditions of Purchase:*

Objects to paying any compensation for compulsory purchase, *Smith* 1352—Such compensation might be dispensed with, without injury to raising capital, if the period of purchase were extended to 99 years; nobody cares what will happen so far off, *Cohen* 95-7—The terms of purchase altogether would be immaterial with a period so remote, *Bramwell* 614-5; *J. S. Forbes* 910, 981.

Three ways in which purchase may take place, *Cohen* 92.

(1.) *Cost of Materials only:*

Objected to the cost of the material after it has been put into the ground is comparatively nothing, *Cohen* 9—Purchase at the value of the plant will never do, *Gibbs* 114—It means having all the risks, labour, and application of inventive faculty for nothing, *J. S. Forbes* 801—Case of the Edison and Swan Company cited; their plant is only worth 28,850 £, but they have spent 305,000 £ in electric lighting without dividing a penny of dividend, 802—Absurd to make the mere cost of the plant represent the value of a business at the end of a term of years, particularly a short term, *J. S. Forbes* 822.

The valuation on compulsory purchase must not involve considerations of variation in the value of materials, *Bramwell* 415—Question of a "fair market value" at the time of purchase, 511-27—The valuation of the plant or instrument would not include the ingenuity shown in making it, *Bramwell* 518-23—The preliminary outlay cannot be ignored, and this is heavy in the case of electric lighting, *J. S. Forbes*, 818-23, 872.

Question of the proportion payable at the end of 40 years in respect of plant; it would be a very large proportion of the whole capital, *J. S. Forbes* 983-4—The value of the plant would never compensate for dispossession; explanation why, 986—It does not secure to the undertakers the fair value of the whole of their undertaking, *Lubbock* 1034.

Believes the prevalent idea that purchase under the Act of 1882 means purchase at "old iron price" has done much to deter investors, *Morrison* 1666.

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(2.) As

*PURCHASE*—continued.(c.) *Conditions of Purchase*—continued.

## (2.) As a Going Concern, measured by the past :

Thinks this might attract capital, if you gave terms of a sufficiently long concession, of the value of the material, and of the value of the good-will as it existed at the time, *Cohen* 93—The good-will meaning the state of the concern as proved by the books, 94.

If the undertaking had reached a point of stability beyond which it would not go, it would not matter if compensation were calculated by past profits only, but it would be unfair if the undertaking were going at the time of purchase, *Bramwell* 712—Injustice of taking a thing over at the current book value ; illustration in the case of dynamos, *J. S. Forbes* 804-5.

## (3.) As a Going Concern, including prospective Profits :

Prospective profits should be included in the terms of purchase, *Gibbs* 176—A going concern means the connection and business, including prospective advantages and disadvantages, *Cohen* 37-8, 41, i.e., future profits in the way the thing is administered now, but not including future profits in respect of a discovery unborn, 59—The future development is an element as founded on past development, *ib.*

Case of the Birmingham Order cited ; prospective profits were resisted and disallowed, *Crompton* 347 ; *Bramwell* 429-31—They are included in arbitration with regard to toll-bridge, *Bramwell* 405, 707-11—The point ought to be made quite clear to a future arbitrator, 406-9—They ought certainly to be taken into account ; witness cannot understand having said in 1882 to the contrary, 693-7—No difficulty in valuing them, as shown in case of transfers before arbitrators, 714-6—It is only fair that the purchase should take into account the future, 716.

Contingent value must be taken into account ; the market value of a thing which does not pay anything to-day, is the possibility of its paying in the future, *J. S. Forbes* 854—The prospects are the really material question, 917, 986.

If there is a prospect of a larger income, the undertakers should be compensated ; they are handing over a good-will, *Bramwell* 712.

Objection to including future profits : the terms of purchase should be structural value only ; the Act of 1882 is quite fair, *Whiteley* 1528-9—Purchase as a going concern should mean structural valuation only, and not any payment for compulsory purchase, good-will, or future profits, *Smith* 1352—It should be a strict valuation, as opposed to a mere calculation of profits, 1423.

The value should be what a willing purchaser would give if the works were sold as they stand for the purpose of continuing the undertaking, *Johnson* 1598—It must exclude anything for good-will, compulsory purchase, or future profits, 1600—Good-will must not be taken into account, *Morrison* 1812-21.

See also *Going Concern*.

## R.

*Railways.* System of concessions to, in France, *Cohen* 98 ; *Lubbock* 1061-2—The question of State purchase not applicable to electric lighting, 1062-3.

*Rates.* Question of a local authority making up in the rates for losses by the sale of gas, *Cohen* 43—As to hardships thereby to non-consumers of gas, the interests of the community must prevail, *ib.*—The fact that the profit made goes in mitigation of rates is not in all cases the means of giving a fair result to the consumer and non-consumer, *Bramwell* 435—Injustice to outlying districts in this respect, 437-8, 440-3—Case of the Staleybridge Corporation, 448.

Great relief to the rates at Birmingham afforded by profits made by Corporation in gas undertaking, *Smith* 1162, 1187-8, 1236—Question of the outlying districts contributing to the rates in the extra price paid for gas, 1219.

*Rayleigh, Lord.* Electric Lighting Bill introduced by, *Cohen* 12. See *Electric Lighting Act* (1882) *Amendment* (No. 1) *Bill*.

*Residuals.* Profits made by gas companies out of residuals left by gas, *Bramwell* 647—In recent years coals have been carbonised for residuals only, and with financial success, *Smith* 1219—Fluctuations in value of, 1313—Are cheaper now than they have ever been, *Morrison* 1782—If the price of residuals continues so low, it may be essential to increase, not decrease, the price of gas, 1783.

Allowance to be made in respect of residual products in comparing unit of electricity with that of gas, *Shoolbred* 2469-73.

*Royalties.*

## Report, 1886—continued.

*Royalties.* Heavy royalties demanded for earlier electric lighting concessions; the public have now learned that these are not necessary, *Forbes* 188—Payment of, an alternative to buying a patent, *J. S. Forbes* 819.

## S.

*Saddleworth.* Petition of inhabitants of against transfer of the powers of the Staleybridge Gas Company to the Staleybridge Corporation, *Bramwell* 448.

*St. Austell.* License for electric lighting at, *Bramwell* 385.

*St. James' Square.* Calculations respecting scheme for electric lighting of the district, *Forbes* 202-3.

*Salford.* High price charged for gas by corporation of, *Bramwell* 595-602; *App. C.*, p. 283.

*Secondary Batteries.* Improvement in since 1882, *Forbes* 187.

*Secondary Generators.* Comparatively a recent invention, *Forbes* 187—The use of is going to revolutionise electric lighting, *Preece* 2044.

*Severance.* Question of loss occasioned by severance, in regard to purchase of an undertaking, *Bramwell* 500-1.

*Shoolbred, Mr. James Nelson.* (Analysis of his Evidence.)—Is a Member of the Institution of Civil Engineers, and also of the Society of Telegraph Engineers and Electricians, 2437—Has devoted much attention to the subject of electric lighting, and designed several installations, among others the lighting of streets at Norwich, and of the works of the Forth Bridge, 2438-40—Was consulted in 1882 by several corporations and local authorities, some of which he assisted in obtaining Provisional Orders, 2442.

Ascribes the non-carrying out of these Provisional Orders to Clause 27 of the Act, 2443-6—There has also been a difficulty in finding contractors, 2444, 2447—The Orders have not lapsed, 2454.

Comparison of the standard used for the sale of gas with that proposed for the sale of electricity, 2456—Allowance to be made for residual products, 2469-72—Amount of coal required to produce the electric light compared with gas, 2476-7—Conclusion that the electric light is *per se* an economical illuminant, 2478—Question how far it is a light of luxury, 2481—Advantageous use of the light in foundries and industrial establishments, 2482-3.

Speaks as to corporations who are themselves originating electric lighting, 2488-90—States conditions on which electricity could be supplied more cheaply than gas, 2491-4—It is purely a question of lamp hours, 2495-8.

*Sinking Fund.* With a concession of only twenty-one years it would be necessary to set aside a large sum annually as a sinking fund, *Cohen* 9—Question whether this is compatible with the supply of electricity cheaply enough to compete with gas, *ib.*—Allowance to be made for, as a dead charge on capital, in estimating the cost of electric lighting, *Crompton* 344—Disbelief in twenty-one years being enough to set aside a sinking fund at a small per-centage, sufficient to enable a company to write off capital, *Lubbock* 1043—Thirty-seven years, placing 1 per cent., would suffice to renew the capital; but under the Act the capital could only be utilised by degrees, 1077-9.

Difficulty in estimating what would be an adequate sinking fund, *Macdonald* 1117-22—Question of, as depending on the success of the undertaking, 1155-6—Believes a sinking fund of 1 or 2 per cent. would suffice to recoup capital in thirty years, *Smith* 1300-1, 1425, *Dunscombe* 1481—Calculation that a sinking fund of 3 per cent. will enable that to be done at the end of eighteen years, *Whiteley* 1538-45.

*Sliding Scale.* The principle of, as in the Gas Acts, should be applied to electric lighting legislation, *Cohen* 22, 39—But speaks with diffidence as to the financial principle of a fixed electrical unit, 99-100.

Origin and nature of, *Bramwell* 421—Beneficial character of, in relation to gas undertakings, *ib.*—It has caused a vast improvement in gas manufacture, a general lowering of the price of gas and a general raising of dividends, 422-3—Is a benefit to the public as being an incentive to reduction of price, 542—And an incentive to economy in the interest of the consumer, 773-4.

Involves a standard dividend, *Bramwell* 543—And supposes a standard price, 627, 752—If there is no sliding-scale, a maximum price must be established, 754-5, 762—It is not so bad to the consumer to have an erroneous standard price as it is to have an erroneous maximum price, 784-5.

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## Report, 1886—continued.

*Sliding Scale*—continued.

Gives companies an inducement to improve, *J. S. Forbes* 829—Secures elasticity of dividend, depending on efficiency, that is to say, a lowering of the price, 959—Protects the public against the undertakers acquiring an injurious monopoly, *Lubbock* 1034, 1037—Is the best protection both to investors and the public against unforeseen contingencies, *Macdonald* 1101, 1107—Reasons for preferring the sliding-scale as compared with the compulsory purchase clause, 1105—It defines the limits of profit, but within those limits it leaves the investor comparatively safe, *ib.*

Alternative mode suggested to protect the public, in case the sliding-scale could not apply, *Macdonald* 1125-33, 1141-50.

Objected to strongly, as a substitute for compulsory power of purchase, *Smith* 1195.

Quite possible to apply the principle of, so far as fixing the electrical unit is concerned, *Preece* 2056—But with the present inexperience as to average supply, it would be difficult to work the sliding-scale satisfactorily, as is done in the case of gas, 2230.

It is not the usual practice of the Board of Trade to authorise an initial price and sliding scale in the case of gas, *Calcraft* 2252—Owing to uncertainty as to demand, &c., *ib.*—The auction clauses would be unfair without a sliding scale, 2254—Sees no advantage in applying the principle in an entirely new industry, unlike gas, 2259-61—Difficulties in the way of revising the standard price, 2305.

*Smith, Mr. Edward Orford.* (Analysis of his Evidence.)—Is the Town Clerk of Birmingham, and is deputed by the Town Council and the Association of the Municipal Corporations of England to give evidence on the three Bills, 1159-60—Reads a statement to the Committee, 1161-2.

Is convinced that the Birmingham Corporation, though gas-owners, would gladly adopt electric lighting, if electrical science were sufficiently advanced, 1162—Believes there would still be room for gas undertaking, *ib.*—Objects to optional purchase as in No. 1 Bill, *ib.*—States objections to No. 2 Bill, *ib.*—Is prepared to wait for further development of electric lighting, and objects to using public money meanwhile for experiments, *ib.*

States terms on which the Corporation purchased the gas undertaking, 1163-5—The valuation was made on the going concern principle, 1166—Annuities were paid equal to the maximum dividend, 1167—Above 40 per cent. went for value not represented by the actual works, 1168—And 50 per cent. in the case of the water undertaking, 1170-2—Further evidence as to purchase of waterworks, 1173-9.

States prices charged by the Corporation for gas, 1180-5—The consumer has gained a great reduction in price; and the 25,000 *l.* annual profits on the gas undertaking go to reduce the rates, 1186-8—The prices charged for water have also been lowered, though the Corporation have made no profit on the water undertaking, 1189-93.

Objects to purchase by agreement and to the sliding-scale as a substitute for the compulsory power of purchase, 1194-5—The Corporation should have compulsory power to purchase any monopoly that Parliament chooses to create, 1196—The case of butchers' and bakers' shops is no analogy, *ib.*—Objects entirely to No. 1 Bill, 1198.

The forty-one years' period of purchase, in No. 2 Bill, is unnecessarily long, 1199—Ascribes want of applications for Provisional Orders for electric lighting to present imperfect state of electrical science, 1202—This is the main difficulty, though the pecuniary terms may have deterred investors to some extent, 1203—Does not think that a mere lengthening of the period for purchase will help to attract capital; the length of term has not much to do with it, 1206—One must wait for scientific invention, and the Corporation of Birmingham are waiting, 1207-8.

Prefers No. 3 Bill to the other two, but does not think it fair to the local authority that a concession for forty-two years should be given as a rule, 1211—Companies should be required to obtain the consent of the local authority before applying for Provisional Orders, 1212—The law should be analogous to that in the case of Tramways and Gas and Water, 1214-8.

Corrects previous statement as to amount paid by Birmingham Corporation to gas and water companies; it was more than previously stated, 1219.

Cites cases of Leeds and Birmingham in disproof of allegation that corporate trading acts as a bar to improvement, 1219—As to those outside the borough contributing to the rates in the extra price of the gas they are burning, it is true only in a limited sense; they get their gas cheaper than if locally supplied, *ib.*

Refers to Questions Nos. 457, 458, and 466, and gives answers thereto, 1219—Believes

Report, 1886—*continued*.

Smith, Mr. Edward Orford. (Analysis of his Evidence)—*continued*.

Believes a great future is secured for gas for heating purposes and motive power, 1219.

Disagrees with statement that twenty-one years are too short a period to attract capital; cites cases of London, Liverpool, and Bristol, to show that other difficulties prevail, 1219 — Importance of retaining the control of the streets in the hands of the local authorities, *ib.* — Hands in table comparing the cost of making gas, the gross profit earned, and the method of disposing of same by certain corporations and companies, *ib.* App. D. p. 285 — Conclusion that the manufacture is conducted more economically by the corporations, 1219 — Supplements statements with regard to gas undertaking at Birmingham, *ib.*

Does not admit that electric lighting is hampered by any restrictions, 1221 — Believes that if electrical science had advanced as far as it was supposed to have done in 1882, it would have been quite practicable for inventors to have taken an Order under the Act, 1222 — Has frequently granted leases to tramway companies for twenty-one years, *ib.* — Is assured by electricians that the state of electrical science is not at present satisfactory for the investment of capital, 1224 — Doubts whether electric lighting has yet got beyond a speculative stage, 1225.

Believes that No. 3 Bill would be sufficient to enable a good profit to be got within the period therein limited, assuming electricity to have advanced considerably, 1226 — The Act of 1882 might have affected the men in the City, but does not think it would have affected electricians materially in the present undeveloped state of the science, 1228 — Objects to the public having to bear the burden of great monopolies given to private undertakers, simply because it may be desirable to float an undertaking, 1229.

Would accept as an alternative a veto by the Corporation subject to an appeal to the Board of Trade, 1232 — But would prefer that the Corporation should be treated as a responsible body within its own borders, and consulted in the first instance, *ib.* — The absolute right, as in the case of tramways, would be better, 1234.

Re-states advantages accruing from purchase of gas and water undertakings by Birmingham Corporation, 1236-7 — Relief given to the consumer as a ratepayer, 1238-44 — Reason for not having reduced the price of gas as low as in the case of water; the latter is a prime necessity of life for sanitary purposes, 1245-6.

Is certain that electric lighting, if introduced now, would be taken advantage of only by the rich, 1259 — It could not possibly compete in street-lighting with gas, *ib.* — This alone, in the present state of electrical science, would prevent the Corporation from adopting it, 1251 — But corporations might be hastened to adopt it, if a concession were granted to a company on terms more extended and onerous than in the Act, *ib.* 1252.

Is not prepared to say that forty-two years are too much under all circumstances, 1255 — But would object to it as a minimum period, 1256.

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1395—Anything in which there is likely to be a monopoly of supply should be in the hands of the representatives of the ratepayers, 1363—The Board of Trade would be very unlikely to grant conflicting Orders over the same ground; hence the monopoly, 1364—A monopoly, if in the hands of the people themselves, is unobjectionable, 1366-9.

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Admits that, in the present imperfect condition of electric lighting, it is quite possible that a company may be started under the Government Bill, which would not be a financial success, 1449-50.

Objects to purchase as a going concern, unqualified, *i.e.*, leading to general arbitration and so on, 1451-3—Objects to the principle of paying maximum dividends to people in perpetuity at the public expense, 1454—Gathers from Sir F. Bramwell's evidence that that is the principle universally adopted in arbitration, 1455—And there is the question of uncertainty as to what the Corporation may have to pay, *ib.*

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*Society of Arts, Journal of.* Investigations on distribution of electricity in (1885-6), *Forbes* 187.

*Society of Telegraph Engineers and Electricians, Journal of.* Investigations on distribution of electricity in (1884), *Forbes* 187.

*South Kensington.* Provisional Order for electric lighting, *J. S. Forbes* 968.

*South Kensington Museum.* Economy effected at, by use of electricity instead of gas, *Armstrong* 2161, 2196—Report thereon, *App. E.*, p. 286.

*Speculation.* The unnatural financial speculation about 1882 has to some extent deterred electrical enterprise, *Forbes* 188; *Crompton* 327—Disbelief in the failure to attract capital

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capital arising from any doubt in the minds of speculators as to electric companies paying for some years to come, *ib.*—Restrictions in the Act explained by supposed need to check current mania for electric lighting speculation, *J. S. Forbes* 852—Disbelief in the Act having saved the public at all from undue speculation and loss of money, *Bramwell* 777-9.—See also *CAPITAL. ELECTRIC LIGHTING.*

*Staffordshire Gas Company.* Transfer of the undertaking to the Corporation of Birmingham, *Bramwell* 429—Terms of the purchase, *Smith* 1166—District comprised by the company, 1322—Gross profits earned in 1875 by the company, 1352.

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*Stalybridge and Mossley Gas Act*, 1885. Semi-sliding scale adopted in, *Bramwell* 448.

*Steamboats.* Use of the electric light on, *Bramwell* 374.

*Streets.* Unjust restrictions imposed on undertakers by the Electric Lighting Act of 1882 in regard to the right of breaking up streets, *Forbes* 188—They should have the same use of the public streets as is given to any other company doing an analogous service, *J. S. Forbes* 992-5.

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Use of the streets in regard to tramways, *Bramwell* 480-7—In the case of tramways the veto of the local authority is absolute; this is a precedent for electric lighting, *Smith* 1217, 1234—Disturbance caused by tramways, 1381—The Corporation, though *de facto* owner of the road, is stopped by Act from working the tramway, 1442.

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*Street Lighting.* Thinks that electricity can light the streets as cheaply as gas, if a large supply of light is taken, *Forbes* 252—But not on the terms imposed on gas companies, 239-42—Not prepared to say that it could reasonably compete at present with gas, *Bramwell* 724 6—Would require a different system to that employed for house lighting, *Forbes* 251—But the same central works would serve for both, 255-6—Electricity cannot compete with gas, *Smith* 1259.

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*Swan, Mr.* Payment to for electric lighting patents, *Forbes* 807-11.

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*Systems (of Electric Lighting).* Five systems of distribution described, *Forbes* 182—Most of them were equally available in 1882, *ib.*—House lighting would require a different system to that employed for street lighting, 251—But the same central works would serve for both, 255-6—The question of first cost depends largely on what system is employed, *Armstrong* 2169-71—Estimate for lighting a given area applicable to a particular system, but not to all, *Crompton* 342-4.

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*Telephones.* Small number of, in England compared with the United States, *Lubbock* 1054—Disturbances caused by overhead electric wires, *Preece* 1912-26, 1940—This could be remedied by using a metallic circuit, 1927—Experiments at Newcastle show that these disturbances extend to a distance of 3,000 feet, 1912.

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**Tenders.** Suggestion that tenders by local authority for electric lighting should be based not upon the price, but upon the terms of the concession for which a company was willing to undertake it, *Cohen* 98—Question of the Board of Trade inviting tenders for electric lighting, *J. S. Forbes* 906-9; *Lubbock* 1069.

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*Victoria Station.* Central station at, for electric lighting of district, *Crompton* 282, 351.

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*Vienna.* Central station electric lighting at, *App. A.*, p. 231—The machinery supplied by witness, *Crompton* 300—The contract taken by the gas contractors, 301—Objections raised by Hungarian Minister to generating station near his house, 302.

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*Wandsworth District Board of Works v. The United Telephone Company.* The case referred to, *Preece* 2014-5—The case explained, *Hunter* 2074-5, 2115-7.

*Water.* Use of water under pressure as a means of distributing power, *Bramwell* 744.

*Water-power.* Great economy in electric lighting effected by, *Forbes* 257-9—Has been used very largely in Italy, 270.

*Water Companies.* Virtual right of monopoly pleaded by, *Crompton* 313—Question of local bodies trading in water, *Bramwell* 428—How the case differs from that of gas companies, *ib.* 454—Water undertaking by Corporation at Birmingham, *Smith* 1170-9; 1236-45—at Blackburn, *Whiteley* 1528, 1532-4—at Nottingham, *Johnson* 1566, 1573—at Leeds, *Morrison* 1650.

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"*Watering*" Capital. The term explained, *Cohen* 63-8—Is guarded against by the shares being put up to public auction, *Cohen* 67; *Gibbs* 141; *Crompton* 319-20, 337.

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*Waterloo Bridge.* Purchase of tolls on, under the Act of 1877, *Bramwell* 405, 707-9.

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*Wayleave.* Necessity of obtaining wayleaves for overhead wires, *Forbes* 192—  
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*Webster, Sir Richard.* His house lit by separate electric installation, *Bramwell* 554.

*Whiteley, Mr. George.* (Analysis of his Evidence.)—Is an Alderman, and last year was Mayor, of the Borough of Blackburn, 1512-3—Gives evidence not merely as a member of the town council, but in his capacity as a cotton-spinner and manufacturer, 1514.

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*Wimbledon.* Electric lighting, experiments in, conducted by witness, *Preece* 2020-3.

*Wires.* See *Overhead Wires.*

*Worcester.* Unsuccessful attempt of the Corporation of, to purchase the local gas company, *Smith* 1219.

*Works and Plant.* The value of the material, after it has been put into the ground, is comparatively nothing; this would necessitate setting aside a large sum as a sinking fund, *Cohen* 9—If power were given to purchase for the value of the old material, the amortization fund would have to be very considerable, 23.

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Tendency to scamp the work towards the end of a concession, in the event of new capital being raised, *Macdonald* 1114-6—Question of paying a certain per-centage on the value of the plant on account of compulsory purchase; does not think it a desirable plan, or likely to tempt investors, 1148-9—There are not enough data to go upon as to amount of compensation, 1150.

Valuation of gas-works previous to purchase by Corporation of Birmingham; 50 per cent. was paid for goodwill in excess of value of plant, *Smith* 1165-76—Amount paid for water undertaking, 1177-8—Structural valuation is a fair term of purchase, 1352—The main reason for requiring control over companies by Corporation is the power they would have of breaking up the streets, 1395.

Question of a depreciation fund in respect of plant; it should be obligatory on electric lighting companies like others, *Whiteley* 1538-40—Purchase of gas undertaking by Corporation at Nottingham; there was no valuation of plant, *Johnson* 1568—Interprets No. 3 Bill as meaning that the local authority must pay, not the breaking-up price, but the value a willing purchaser would give for the works as they stand for the purpose of continuing the undertaking, 1598.

The amount of new capital required for an extension of works towards the end of the period of purchase would be included in the valuation, *Motum* 1617-9—A well-managed business sets aside something between 2½ and 7½ per cent. upon the capital for depreciation, 1626.

Probably the plant would sell for a sum very nearly equal to what it had cost, *Morrison* 1664—Obsolete plant, if any, would not be paid for, but the advantage for it would have been obtained out of the dividend, *ib.*—Nothing should be allowed for goodwill, *ib.*—Believes the popular idea of purchase "at old iron price" has done something to retard electrical works under the Act, 1666.

Dangers

*Works and Plant*—continued.

Dangers from fire, &c., arising from works being put up in a scamping manner, and not subject to regulations, *Preece* 1932-3—Need of restrictions in this respect, 1959-60.

Question of cost of repair of plant; the proportion due to interest on first outlay in electric lighting is high as compared with other portions of the cost; it is the reverse in the case of gas, *Armstrong* 2161-6, 2176-9—The cost of mains is very heavy, and there is the site for the central installation and machinery, 2180-2.

Difficulties in adjusting the original amount of plant to the probable demand, which is pretty sure to be progressive, *Preece* 2228-9, 2243-6.

Power desired by the Post Office of removing works of companies refusing to comply with regulations, *Hunter* 2145.

*See also Depreciation Fund. Mains. PURCHASE.*





